

Name of the subject: **Labour Economics**

Degree/study: Grau en Economia

Course: 3rd/4th Course

Term: 3rd Term

Number of ECTS credits: 5

Hours of student's dedication: 125

Language or languages of instruction: English

Professor: Raul Ramos

1. Presentation of the subject

This course provides an overview of the main concepts of modern labour economics, including labour supply, labour demand, the human capital model, compensating wage differentials, discrimination, wage inequality, unemployment, unions, immigration and trade. The course focuses both on the theories that have been developed to understand the functioning of the labour market, and on the empirical analysis and evaluation of labour market relevant public policies.

2. Competences to be attained

Students will acquire knowledge about the key factors driving labour market outcomes in today's globalized world. They will learn how the specific incentives of the main players in the labour market – individual workers, firms, unions and the government – determine their interactions and how these interactions translate into aggregate labour market indicators. Students will also be able to critically assess the important role of public policy in the labour market context.

Specific competencies to be attained: G1, G2, G7, G9, G10, E2, G13, G18 and G19.

3. Contents

Week 1: Introduction and Overview of the Labour Market

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2014), Chapters 1 and 2.
- Borjas, George J. (2013), Chapter 1.

Week 2: Labour Supply

1. Changes in Labour Supply.
2. Theory of Choice of Hours of Work.
3. Labour Supply over the Life-Cycle.
4. Labour Supply and the Family.

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2014), Chapters 6 and 7.
- Borjas, George J. (2013), Chapter 2 and 3.

Week 3: Labour Demand and Labour Market Equilibrium

1. Short-run and Long-run Labour Demand.
2. Dynamic Labour Demand.
3. Labour Market Equilibrium.

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2014), Chapters 3 and 4.
- Borjas, George J. (2013), Chapter 4 and 5.

Week 4: Wage Determination

1. Investment in Education: Human Capital Theory vs Signalling Theory.

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2014), Chapter 9.
- Borjas, George J. (2013), Chapter 7.

2. Compensating Wage Differentials.

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2014), Chapter 8.
- Borjas, George J. (2013), Chapter 6.

3. Efficiency Wage Theories.

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2014), Chapter 11.
- Borjas, George J. (2013), Chapter 12.

Week 5: Discrimination

1. Evidence on Gender Discrimination.
2. Theories of Discrimination.

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2014), Chapter 12.
- Borjas, George J. (2013), Chapter 10.

Week 6: Unemployment

1. Frictional Unemployment.
2. Structural Unemployment.
3. Demand-Deficient or Cyclical Unemployment.
 - 3.1. Implicit Contract Theory.
 - 3.2. Efficiency Wage Theories.
 - 3.3. Insider-Outside Theory.
4. Hysteresis.

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2014), Chapter 14.
- Borjas, George J. (2013), Chapter 13.

Week 7: Unions

1. The Bargaining Process.
2. The Effects of Unions.

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2014), Chapter 13.
- Borjas, George J. (2013), Chapter 11.

Week 8: Inequality in earnings

1. Measuring inequality
2. Causes of growing inequality

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2014), Chapter 15.
- Borjas, George J. (2013), Chapter 8.

Week 9: Immigration and the Labour Market

1. Migration push and pull factors: the gravity model
2. Migration effects on the host country labour market: impact on native workers, assimilation
3. Migration and origin countries: remittances and return migration.

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2014), Chapter 10 .
- Borjas, George J. (2013), Chapter 9.

Week 10: Summary and policy discussion

4. Assessment

The final grade will consist of three components:

1. The final exam (60%).
2. Problem sets to be assigned in class (30%).
3. Class participation and paper summaries (10%)

To pass the overall course, you need at least a grade of 40/100 in the final exam!

If you do not pass the exam, the grade reported in the system will be your overall grade (applying the weights above) unless this is equal or higher than 5, in which case the reported grade will be set to 4.9.

There will be a resit exam in July. Grades for problem sets and written reports will continue to count for the final grade after the resit exam. Minimum requirement in resit exam to pass the overall course is 40/100.

5. Bibliography and teaching resources

5.1. Basic bibliography

The course will primarily follow the textbooks:

1. Borjas, George J. (2013), *Labor Economics*, McGraw-Hill, 6th Edition.
2. Ehrenberg, Ronald G. and Robert S. Smith (2014), *Modern Labor Economics: Theory and Public Policy*, Pearson, 12th Edition.

5.2. Additional bibliography

An additional reading list (mainly journal articles and reports) will be distributed during the course.

5.3. Teaching resources

Slides for the lectures will be uploaded prior to class.

6. Methodology

Theory lectures and practical seminars.