

Name of the subject: **Labour Economics (20856)**

Degree/study: Grau en Economia / ADE

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: 1. Introduction and Overview of the Labour Market

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2009), Chapters 1 and 2.
- Borjas, George J. (2008), 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 (2009), Chapters 6 and 7.
- Borjas, George J. (2008), Chapter 2 and 3.
- Filer, Randall K., Daniel S. Hamermesh, and Albert E. Rees (1996), Chapter 2.

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 (2009), Chapters 3 and 4.
- Borjas, George J. (2008), Chapter 4 and 5.
- Filer, Randall K., Daniel S. Hamermesh, and Albert E. Rees (1996), Chapters 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 (2009), Chapter 9.
- Borjas, George J. (2008), Chapter 7.
- Filer, Randall K., Daniel S. Hamermesh, and Albert E. Rees (1996), Chapter 3.

2. Compensating Wage Differentials.

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2009), Chapter 8.
- Borjas, George J. (2008), Chapter 6.
- Filer, Randall K., Daniel S. Hamermesh, and Albert E. Rees (1996), Chapter 10.

3. Efficiency Wage Theories.

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2009), Chapter 11.
- Borjas, George J. (2008), Chapter 12.
- Filer, Randall K., Daniel S. Hamermesh, and Albert E. Rees (1996), Chapter 9.

Week 5: Discrimination

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

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2009), Chapter 12.
- Borjas, George J. (2008), Chapter 10.
- Filer, Randall K., Daniel S. Hamermesh, and Albert E. Rees (1996), Chapter 14.

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 (2009), Chapter 14.
- Borjas, George J. (2008), Chapter 13.
- Filer, Randall K., Daniel S. Hamermesh, and Albert E. Rees (1996), Chapter 8.

Week 7: Unions

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

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2009), Chapter 13.
- Borjas, George J. (2008), Chapter 11.
- Filer, Randall K., Daniel S. Hamermesh, and Albert E. Rees (1996), Chapter 12 and 13.

Week 8: Immigration and Trade and the Labour Market

1. Immigration.
2. International Trade.

Bibliography

- Ehrenberg, Ronald G. and Robert S. Smith (2009), Chapters 4, 10 and 16.
- Borjas, George J. (2008), Chapter 5 and 9.
- Filer, Randall K., Daniel S. Hamermesh, and Albert E. Rees (1996), Chapter 7.

Weeks 9 & 10. Presentation and discussion of Written Reports

4. Assessment

The final grade will consist of three components:

1. The final exam (50%).
2. Problem sets to be assigned in class (30%).
3. Written reports (in groups) (20%).

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. (2008), *Labor Economics*, McGraw-Hill, 4th Edition.
2. Ehrenberg, Ronald G. and Robert S. Smith (2009), *Modern Labor Economics: Theory and Public Policy*, Boston: Addison-Wesley, 10th Edition.

5.2. Additional bibliography

3. Filer, Randall K., Daniel S. Hamermesh, and Albert E. Rees (1996), *The Economics of Work and Pay*, New York: Harper-Collins.

5.3. Teaching resources

Slides for the lectures will be uploaded prior to class.

6. Methodology

Theory lectures and practical seminars.