

# Labor Economics - Summer 2019

## Syllabus

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### 1 Course description

This course introduces economic models of the labor market and labor market policy. It will address questions like: What determines labor supply, labor demand and the equilibrium on the labor market? Why does unemployment exist? How does the labor market influence economic out-comes? How does economic policy work? What is the role of unions for wages and unemployment? The goal of the course is to evaluate labor market policy based on the application of economic theory taking into account economic and social outcomes. Students should be equipped to critically interpret economic facts and empirical studies about the failure and success of labor market policy.

### 2 Structure of the course

- The course takes place on Mondays, 14:00–15:30 h, in AS(1050—U101)
- The course consists of 12 sessions (see schedule below)

### 3 Content of the course

- The course is based on the following textbook:  
Borjas, George J.: Labor Economics, 7th edition, 2016  
It is available in the library (Präsenzexemplar and three more copies)

- Topics
  1. Labor Supply, labor demand and labor market equilibrium  
Borjas, Chapter 2-4
  2. Wage Setting, Labor Market Discrimination and Inequality  
Borjas, Chapter 5, 7 and 9
  3. Wage Setting and Incentive Pay  
Borjas, Chapter 11
  4. Human Capital, Labor Mobility and Migration  
Borjas, Chapter 6 and 8
  5. Wage Bargaining and Labor Unions  
Borjas, Chapter 10
  6. Unemployment  
Borjas, Chapter 12

## 4 Course requirements and grading

- The final grade will consist of the result of a 60-minute written exam (70%) and 15-minute in-class presentations (30%)
- In order to pass the course, you need to pass both the exam and the presentation. According to the examination rules, there will be two dates to write the exam in the summer term. Note that there will be no possibility to pass the exam offered in the winter term.
- Exam
  - 60 minutes
  - See old exams on L<sup>2</sup>P for format
- Presentations
  - 15 minutes presentations with maximum 12 slides
  - Topics are based on sections on policy applications from Borjas book (see below)
  - Students should present the policy application and put it into the context of the chapter in Borjas (teach your fellow students)
  - Students should find and present one research article that relates to the policy application and has some interesting result (present the question and result only, 2 slides at most)
  - Students should find a recent policy example (or recent public discussion) and present and evaluate the policy based on the Borjas chapter
  - Presentation topics are:
    - \* Chapter 2: Earned Income Tax Credit (2-11), Welfare and Work Incentives (2-10), Attachment of Older Workers (2-13)
    - \* Chapter 3: Minimum Wages (3-10)

- \* Chapter 4: Payroll Taxes versus Mandated Benefits (4-4), Desasters and labor Market Equilibrium (4-6)
- \* Chapter 5: Safety and Health Regulation (5-4), Health Insurance and the Labor Market (5-6)
- \* Chapter 6: School Quality and Earnings (6-7), Evaluating Government Training Programs (6-13),
- \* Chapter 7: Wage Inequality (7-4)
- \* Chapter 8: High-Skill Immigration (8-8), Inter-generational Mobility (8-9)
- \* Chapter 9: Female-Male Wage Ratio (9-11)
- \* Chapter 10: Unions and Resources (10-4), Public Sector Unions (10-9)
- \* Chapter 11: CEO Compensation (11-3), Incentive Pay for Teachers (11-4)
- \* Chapter 12: Unemployment Compensation (12-5), Phillips Curve (12-10), Unemployment Gap Europe-US (12-11)

## 5 Preconditions

There are no formal requirements for this course, but I will assume that all students are familiar with basic microeconomics and constrained optimization.

## 6 Schedule

- April 8: Organizational details and introduction to the course + Lecture
- April 15: Lecture
- April 22: No class
- April 29: Lecture
- May 06: Lecture
- May 13: Lecture
- May 20: Lecture
- May 27: Lecture
- June 03: Lecture
- June 10: No Class
- June 17: Lecture
- June 24: Presentation
- July 01: Presentation
- July 08: Q&A for the exam

## 7 Contact

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- Office hours:  
Tuesday, 10:30–11:30 h  
Templergraben 64, 5th floor (room 509a)
- Please sign up for office hours in advance by email. I urge you to ask questions concerning the course material in class, not in the office hours.