

S180 – Labour Economics

Course Objectives:

The aim of this course is, on the one hand, to introduce students to the general labour topics regarding consumer behavior, taxation, job search and intra-household bargaining. On the other hand, to review a framework on individual behaviour that can be used to think about the effects of policy and to use that framework to analyse the effects of taxation and social insurance.

The course consists of two parts. In the first part, the goal is to provide a framework on individual behaviour that can be used to think about the effects of policy. Then, to use that framework to analyse the effects of taxation and social insurance and to provide the empirical tools to relate the theoretical framework to what we observe in the data.

In the second part, the emphasis will be on 1. the job searching behavior in the labor market; 2. the resource allocation decisions within family. Both questions will be analysed using a combination of theoretical models and empirical methodologies. For each of the topics covered we will begin by presenting some of the relevant theoretical models that have been developed. We will then turn our attention to issues of model specification and estimation given the type of data typically available to labor economists. We intend to spend roughly equal amounts of time on theoretical and empirical issues.

Topics:

Lectures are taught two hours per week and will cover the following topics:

- Welfare Analysis
 - Lecture 1: Consumer Behaviour
 - Lecture 2: Costs of Living
 - Lecture 3: Welfare and Taxation
 - Lecture 4: Government Interventions: Theory of the Second Best

- Job Search Models
 - Lecture 5: Search Models
 - Lecture 6: Modeling Minimum Wage in Search Framework

- Household Behavior and Child Development
 - Lecture 7: Household Bargaining and Labor Supply
 - Lecture 8: Child Development
- Paper presentation
 - Lecture 9

Material:

Links to the papers discussed in class will be provided. Lecture slides will cover the main concepts of the papers discussed. Mathematical concepts required for understanding the material will be discussed in class. Student have to present one paper. Slides prepared for these presentations will be made available to all students.

Recommended Reading:

Selected papers will be made available during the course.