

Introduction to Labor Economics

Pablo Agnese, PhD

Basic Course Content:

1. Why labor economics? Different approaches
2. Definitions, facts, and trends
3. The demand for labor
4. The supply of labor
5. The determination of wages

Learning Outcome:

The course aims at introducing students to the basic workings of labor markets while using well-known analytical tools to easily interpret real-life examples. The course will first go over some simple definitions and the different existing approaches to economics/labor economics which revolve around Say's Law. Subsequently, more attention will be paid to the mainstream/Neoclassical framework of labor demand, labor supply, and wage determination. In particular, the study of the demand for labor implies getting familiar with such concepts as profit maximization and the law of diminishing returns. The study of the supply side of the labor market, in turn, entails delving into the process of utility maximization and learning to use such basic analytical tools as indifference curves and budget constraints. Once both sides of the market have been covered in detail, we will proceed to analyze the labor market as a whole, juxtaposing what has been previously learned. Here we will examine those issues concerning and affecting the determination of wages, namely: imperfections (both in the product and labor markets), minimum wage laws, union strength, adjustment dynamics, etc. Even though the course will rely at large on mainstream economic theory, we will challenge, from time to time, some of the principal tenets of orthodoxy by way of an interesting and controversial alternative –the Austrian School.

Level: 2nd and 3rd year / final year (intermediate)

Literature:

- McConnell, C. R., Brue, S. L., and Macpherson, D. A., *Contemporary Labor Economics*, 9th ed., 2009.
- Ehrenberg, R. G., and Smith, R. S., *Modern Labor Economics*, 10th ed., 2008; 11th ed. 2011.
- Kaufman, B. E. and Hotchkiss, J. L., *The Economics of Labor Markets*, 2006.
- Block, W., *Labor Economics from a Free Market Perspective*, 1st ed., 2008.
- Additional reading material will be distributed in class.

Assessment: final written test (around 2 hours) and weekly practices; grading is: 80 (test) / 20 (practices). The possibility of writing a short essay is also available (extra points)

Semester Hours per week: 4 (+ 2 of Tutorial).

Credits per course (ECTS): 8 (+4 of Tutorial).