

Labor Economics

ECTS : 6

#### **Description du contenu de l'enseignement :**

Labor Economics considers the demand for and the supply of labor as well as the functioning of labor markets. In this course, we will cover determinants of the demand and supply, and how wages are determined by the interaction of demand and supply in labor markets. We will then examine how market frictions can lead to inefficiencies and how labor market policies can address these problems. We will also consider women's labor market participation, the impact of migration on labor markets, and we will discuss several recent issues, including trade and globalization wage inequalities, and the impact of technological progress (e.g., automatization and digitalization).

Throughout the course, we will draw on empirical trends and patterns observed in labor markets around the world to motivate the topics. We will examine theoretical models developed to explain these empirical observations, and we will discuss selected empirical studies that test hypotheses derived from these models. We will also consider challenges encountered in empirical labor economics and briefly cover methods and strategies that have been developed to address these challenges in modern empirical work.

#### Planned schedule:

##### **Sessions 1 & 2: Labour supply**

- Basic model of labour supply decisions; women's labour supply; household decisions; labour supply over the life cycle; retirement

##### **Session 3: Labour demand and equilibrium on the labour market**

- Basic model of labour demand; substitution and demand elasticities; labour market equilibrium and tax incidence

##### **Sessions 4 & 5: Session 3: Human capital and labour mobility**

- Human capital model; returns to education; human capital model of migration; migrant's labour market outcomes

##### **Session 6: Labour market frictions**

- Compensating wage differentials; monopsony; minimum wages and discrimination

##### **Session 7: Unemployment**

##### **Session 8: Wage inequality**

- Evolution of wage inequality; technological progress; trade and competition; migration and wages

##### **Session 9: Unions and collective bargaining**

##### **Session 10: Labor markets in low- and middle-income countries**

##### **Sessions 11 & 12: Student presentations**

#### **Compétence à acquérir :**

After completing the course, students will have developed an understanding of the functioning of labor markets. Students will know the most important theoretical models in labor economics, and they will be able to draw on these models to reason about labor supply, labor demand, wages and the anticipated impact of labor market policies. Students will be aware of the main assumptions of these models and they will be able to critically discuss how well these assumptions are met in the real world. They will also have an overview of recent empirical work in labor economics, understand the most important challenges encountered in empirical work and how these are addressed. Students will be able to critically discuss to what extent the empirical evidence supports or contradicts the theoretical models covered in the course. Students will be able to read and critically assess theoretical and empirical research in labor economics.

#### **Mode de contrôle des connaissances :**

- Presentation of a research paper (30% of the final grade)
- Written final exam (70% of the final grade)

#### **Bibliographie, lectures recommandées :**

The course will broadly build on material from the following textbooks:

Pierre Cahuc, Stéphane Carcillo and André Zylberberg : Labor Economics, MIT Press.

Ronald G Ehrenberg, Robert Smith: Modern Labor Economics, Routledge.

George J Borjas: Labor Economics, McGraw Hill.

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