

Labour Economics

Lecturer: Aizhamal Rakhmetova

Course Description:

This course provides an applied introduction to labour economics with a focus on both theoretical models and contemporary policy challenges. Topics include wage setting, human capital, migration, gender, minimum wages, and the impact of technology on labour markets. Students will engage with economic models, empirical evidence, and policy debates.

Course Prerequisites:

Introductory Macroeconomics

Intermediate Microeconomics

Course Objectives/Learning Outcomes:

This course introduces key concepts and tools in labour economics, focusing on how markets for work are shaped by individual choices, institutions, and public policies. It combines theory, empirical evidence, and real-world applications to analyze contemporary labour market issues.

By the end of the course, students will be able to:

- Explain core labour market models (supply, demand, human capital, wage setting)
- Analyze policy-relevant topics such as migration, minimum wages, and automation
- Critically evaluate empirical labour economics research
- Interpret labour market institutions across countries
- Communicate economic insights through writing and presentation

Course Requirements:

Assessment in this course is designed to evaluate students' understanding of core labour economics concepts, their ability to apply theory to real-world problems, and their communication skills. The final grade will be based on the following components:

- **Final Exam (50%):** A written exam covering theoretical models, empirical findings, and policy applications. The exam will include short-answer questions, problem solving, and applied analysis.
- **Homework Assignments (30%):** Two structured problem sets (15% each), focused on theoretical analysis and interpretation of data or empirical results. These assignments are designed to reinforce key models and deepen understanding.
- **Presentation on a Current Labour Market Issue (20%):** Each student (or pair) will prepare a short presentation analyzing a contemporary labour market issue (e.g. automation, gender wage gaps, migration). The presentation should connect the topic to course concepts and highlight key data or policy debates.

Mandatory Completion Policy

Note that all mandatory assignments and exams must be completed to the best of your ability in order for your final grade to be issued. Failure to complete a mandatory assignment or exam may result in a failing grade.

Letter Grade	Percentage	Description
A+	97-100	Excellent Work
A	93-97	Outstanding Work
A-	90-92	
B+	87-89	Good work
B	83-86	
B-	80-82	
C+	77-79	Acceptable Work
C	73-76	
C-	70-72	
D+	67-69	Work that is significantly below average
D	63-66	
D-	60-62	
F	0-59	Work that does not meet the minimum standards for passing the course

AEP Academic Integrity Policy

Plagiarism and other forms of academic dishonesty are not tolerated. The use of Artificial Intelligence (AI) for the development of knowledge and learning is encouraged at many stages of the learning process. While we value technology for educational purposes, we also value originality and the retainment of knowledge, and thus using AI for assignments and examinations, even if rephrased, is strictly prohibited and considered an academic integrity violation, unless the instructor explicitly allows for it in the context of evaluated work

AEP Non-Discrimination/Harassment Policy

The AEP program in Prague promotes a diverse learning environment where the dignity, worth, and differences of each individual are valued and respected. Discrimination and harassment, whether based on a person's race, gender, sexual orientation, color, religion, national origin, age, disability, or other legally protected characteristics, are repugnant and completely inconsistent with our objectives. Retaliation against individuals for raising good faith claims of harassment and/or discrimination is prohibited.

AEP Diversity Policy

AEP is committed to fostering an inclusive and welcoming community that values diversity in all its forms. We believe that one of the most meaningful lessons of studying abroad is learning to navigate and appreciate differences with curiosity and an open mind. While engaging across differences can sometimes be challenging or uncomfortable, these moments are essential for growth and learning. We recognize that every member of our community, even with the best intentions, may occasionally make missteps. Our commitment is to provide a supportive environment where respectful and honest dialogue helps us learn from these experiences, ensuring that every student has the opportunity to thrive and broaden their perspective.

Weekly Schedule

Week 1

CEE Introductory Lecture Series

AEP Introductory Lecture Series

Week 2

Class Topic: Introduction to Labour Economics

Class Description:

Overview of labour economics: key questions, why labour markets matter, structure of the course.

Introduction to labour supply and demand concepts.

- Readings: *Boeri & van Ours*, Ch. 1; *Borjas*, Ch. 2, 3

Week 3

Class Topic: Labour Market Segmentation & Unemployment

Class Description:

Labour market equilibrium, unemployment types and measurement, job search theory, and the idea of segmented labour markets.

- Readings: *Borjas*, Ch. 5

Week 4

Class Topic: Human Capital Theory

Class Description:

The concept of human capital and its role in wage determination. Schooling as investment, the Mincer equation, and empirical estimates of returns to education.

- Readings: *Boeri & van Ours*, Ch. 8; *Borjas*, Ch. 6; Card (1999)

Week 5

Class Topic: Wage Determination and Monopsony

Class Description:

How wages are set in competitive vs monopsonistic markets. Role of employer power, wage setting institutions, and inter-industry wage differences.

- Readings: *Boeri & van Ours*, Ch. 10; *Borjas*, Ch. 4, 7; Goldin & Katz (2008); Autor et al. (2008)

Week 6

Class Topic: Wage Inequality and Technological Change

Class Description:

Trends in wage inequality and the role of skill-biased technological change. Polarization of the labour market and distributional impacts of innovation.

- Readings: *Boeri & van Ours*, Ch. 10 (cont.); Autor et al. (2008); Van Reenen (2011)

Week 7

Class Topic: Family and Work; Family Policies

Class Description:

Gender gaps in labour market outcomes. Parental leave, childcare, and cross-country variation in family policies and their effects on employment.

- Readings: *Boeri & van Ours*, Ch. 7; Kleven et al. (2019); Blau & Kahn (2017); Ludsteck & Schönberg (2014)

Week 8

Class Topic: Migration I: Theory and Labour Market Effects

Class Description:

Theories of migration, selection effects, labour market integration, and public attitudes. Economic consequences of immigration.

- Readings: *Boeri & van Ours*, Ch. 9; *Bansak et al.*, Ch. 1, 3; Borjas (2003); Adserà & Pytliková (2015)

Week 9

Class Topic: Migration II: Refugees, Brain Drain, and Integration

Class Description:

Labour market outcomes for refugees, brain drain from developing countries, remittances, and long-term integration policies.

- Readings: *Bansak et al.*, Ch. 4, 5; Brell et al. (2020)

Week 10

Class Topic: Minimum Wages and Labour Market Institutions

Class Description:

Theory and evidence on the effects of minimum wage laws. Unions, collective bargaining, and employment protection legislation.

- Readings: *Boeri & van Ours*, Ch. 2–4; Card & Krueger (1994); Eriksson & Pytliková (2004); Freeman (1993)

Week 11

Class Topic: Self-Employment, Informality, and the Gig Economy

Class Description:

Trends in self-employment and the rise of platform-based work. Informal labour markets and regulatory challenges.

- Readings: *Boeri & van Ours*, Ch. 11; Katz & Krueger (2019); De Stefano (2016)

Week 12

Class Topic: Automation and AI

Class Description:

Labour market impacts of robotics and artificial intelligence. Task-based models, displacement vs complementarity, and policy responses.

- Readings: Autor (2015); Acemoglu & Restrepo (2020); Brynjolfsson & McAfee (2014)

Week 13

Class Topic: Mental Health and Sustainable Work

Class Description:

How job insecurity and labour market institutions affect well-being. Burnout, stress, and emerging trends in labour policy and regulation.

- Readings: *Boeri & van Ours*, Ch. 13; Bell & Van Reenen (2014)

Week 14

Class Topic: Student Presentations and Wrap-Up

Class Description:

Student presentations on selected labour market issues. Recap of major course themes and final reflections.

Readings:

Textbooks

- Boeri, T., & van Ours, J. (2021). *The Economics of Imperfect Labor Markets* (3rd ed.). Princeton University Press.
- Borjas, G. J. (2020). *Labor Economics* (8th ed.). McGraw-Hill Education.
- Bansak, C., Simpson, N. B., & Zavodny, M. (2021). *The Economics of Immigration: Theory and Policy* (2nd ed.). Oxford University Press.

Articles and Chapters

- Acemoglu, D., & Restrepo, P. (2020). Robots and jobs: Evidence from US labor markets. *Journal of Political Economy*, 128(6), 2188–2244.
- Adserà, A., & Pytliková, M. (2015). The role of language in shaping international migration. *Economic Journal*, 125(586), F49–F81.
- Autor, D. H. (2015). Why are there still so many jobs? The history and future of workplace automation. *Journal of Economic Perspectives*, 29(3), 3–30.
- Autor, D. H., Katz, L. F., & Kearney, M. S. (2008). Trends in U.S. wage inequality: Revising the revisionists. *Review of Economics and Statistics*, 90(2), 300–323.
- Bell, B., & Van Reenen, J. (2014). Bankers and their bonuses. *Economic Journal*, 124(574), F1–F21.
- Blau, F. D., & Kahn, L. M. (2017). The gender wage gap: Extent, trends, and explanations. *Journal of Economic Literature*, 55(3), 789–865.
- Borjas, G. J. (2003). The labor demand curve is downward sloping: Reexamining the impact of immigration on the labor market. *Quarterly Journal of Economics*, 118(4), 1335–1374.
- Brell, C., Dustmann, C., & Preston, I. (2020). The labor market integration of refugee migrants in high-income countries. *Journal of Economic Perspectives*, 34(1), 94–121.
- Brynjolfsson, E., & McAfee, A. (2014). *The Second Machine Age: Work, Progress, and Prosperity in a Time of Brilliant Technologies*. W. W. Norton & Company.

- Card, D. (1999). The causal effect of education on earnings. In O. Ashenfelter & D. Card (Eds.), *Handbook of Labor Economics* (Vol. 3A, pp. 1801–1863). Elsevier.
- Card, D., & Krueger, A. B. (1994). Minimum wages and employment: A case study of the fast-food industry in New Jersey and Pennsylvania. *American Economic Review*, 84(4), 772–793.
- De Stefano, V. (2016). The rise of the “just-in-time workforce”: On-demand work, crowdwork and labour protection in the “gig-economy”. *Comparative Labor Law & Policy Journal*, 37(3), 471–504.
- Eriksson, T., & Pytlíková, M. (2004). Firm-level consequences of large minimum wage increases in the Czech and Slovak Republics. *Labour*, 18(1), 75–103.
- Freeman, R. B. (1993). How much has de-unionization contributed to the rise in male earnings inequality? In S. Danziger & P. Gottschalk (Eds.), *Uneven Tides: Rising Inequality in America* (pp. 133–163). Russell Sage Foundation.
- Goldin, C., & Katz, L. F. (2008). *The Race Between Education and Technology*. Harvard University Press.
- Katz, L. F., & Krueger, A. B. (2019). The rise and nature of alternative work arrangements in the United States, 1995–2015. *ILR Review*, 72(2), 382–416.
- Kleven, H. J., Landais, C., & Søgaaard, J. E. (2019). Children and gender inequality: Evidence from Denmark. *American Economic Journal: Applied Economics*, 11(4), 181–209.
- Ludsteck, J., & Schönberg, U. (2014). Maternity leave legislation, female labor supply, and the family wage gap. *Journal of Labor Economics*, 32(2), 469–505.
- Van Reenen, J. (2011). Wage inequality, technology and trade: 21st century evidence. *Labour Economics*, 18(6), 730–741.