

Labor Economics

Lecturer: Peter Eibich
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Department: LSO
Semester: 2

Course level: L3 Undergraduate
Domain: Economics
Teaching language: English
Number of in-class hours: 36
Number of course sessions: 12
ECTS: 6

Course description and objectives

Labor Economics considers the demand for and the supply of labor as well as the functioning of labor markets. This course will offer a basic introduction to labor economics. 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 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.

Prerequisites

None

Learning outcomes

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

- Explain the functioning of labor markets and the key mechanisms that drive them.
- Describe and apply the most important theoretical models in labor economics to reason about labor supply, labor demand, wages, and the impact of labor market policies.
- Identify and critically assess the main assumptions underlying these models and evaluate how well they hold in real-world contexts.
- Summarize and interpret recent empirical work in labor economics, recognizing the main challenges in empirical research and how these are addressed.
- Evaluate the extent to which empirical evidence supports or contradicts the theoretical models covered in the course.
- Read and critically analyze both theoretical and empirical research in labor economics.

Assignments and grading

The examination consists of two parts:

- an in-class presentation of an empirical research paper (30% of the final grade)
- and a written exam at the end of the class (70% of the final grade).

The numerical grade distribution will dictate the final grade. The passing grade for a course is 10/20.

Attendance

Attendance is mandatory. Students are expected to attend all classes, arrive on time, and stay for the entire session. Repeated absences or lateness may affect the final grade.

Class Participation

Active participation is encouraged, as it contributes to making classes more engaging and instructive. Students are expected to come prepared and contribute thoughtfully to discussions. When participation is part of the course assessment, it is evaluated based on the quality of contributions rather than their quantity.

Exam Policy

Students are not allowed to bring any materials into exams, except those explicitly authorized by the instructor. Unexcused absences from exams or failure to submit assigned cases will result in a grade of zero when calculating final averages. All exams must be submitted at the end of the examination period.

Communication and Grading

All questions or concerns regarding grading or course policies must follow the official procedures. No direct negotiation with instructors about grades or assessments is permitted.

Course structure

Session	Topic
1	Labor supply: The basic leisure-consumption trade-off; women's labor supply
2	Labor supply: Household decisions, intertemporal labor supply, retirement
3	Labor demand: The basic model of labor demand, Equilibrium on the labor market and tax incidence
4	Human capital and signaling
5	Labor mobility: The human capital model of migration and migrants' labor market outcomes
6	Labor market frictions
7	Unemployment I: Frictional unemployment, job search and unemployment insurance
8	Unemployment II: Structural, cyclical and seasonal unemployment
9	Student presentations
10	Student presentations
11	Wage inequality
12	Final Exam

Bibliography

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

- Pierre Cahuc, Stéphane Carcillo and André Zylberberg : Labor Economics, MIT Press (2014)
- Ronald G Ehrenberg, Robert Smith: Modern Labor Economics, Routledge (2025)
- George J Borjas: Labor Economics, McGraw Hill (2023)

Lecturer's biography

Peter Eibich is a professor of economics at PSL Paris Dauphine University. He is an empirical health economist. His research focuses on the economics of ageing and retirement, as well as the economics of preventive care. He is also interested in family economics and applied econometrics, particularly instrumental variable methods. He has worked extensively with researchers in health sciences, social sciences and demography.

Moodle

This course is on Moodle: **Yes**

Academic integrity

Be aware of the rules in Université Paris Dauphine about plagiarism and cheating during exams. All work turned in for this course must be your own work, or that of your own group. Working as part of a group implies that you are an active participant and fully contributed to the output produced by that group.