



LISBON  
SCHOOL OF  
ECONOMICS &  
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UNIVERSIDADE DE LISBOA

## Labor Economics

Master in Economics  
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*Labor economics* is the branch of economics that studies the mechanisms and outcomes of the market for labor. Often, the expression “market for labor” is seen as demeaning for workers. We will demystify its usage. Contrarily to other markets, in the labor market, services can only be rented. Furthermore, the labor service has its own will; it cannot be separated from the worker. Prices, i.e. wages, are not the only factor determining the (quality of the) labor service. Labor economics has developed sophisticated tools to shed light into the workings and outcomes of such a complex market.

We will combine theoretical analysis of the labor market with empirical studies. At the graduate level, labor economics requires training in microeconomics and econometrics. In class, we will also cover econometric methods used in the study of the labor market.

### Evaluation

Final exam, 100%.

### Bibliography

**E** Ehrenberg, Ronald & Robert Smith, “Modern Labor Economics: Theory and Public Policy”, Addison Wesley, Boston.

**Z** Cahuc, Pierre & André Zylberberg, “Labor Economics”, MIT Press, Cambridge.

**C** Own classnotes

## **Program**

1. Introduction [E1 (Chapter 1 in reference E)]
2. Overview of the labor market [E2]
3. The demand for labor and labor elasticities [E3, E4]
4. Supply of labor: The decision to work [E6]
5. Equalizing differences [E8, C011, C012]
6. Human capital and inequality [E9, E14, C021, C022]
7. Causal inference [C032, C034]
8. Unemployment [E15, C041, C042]
9. Intergenerational mobility [C051]