

Due to the COVID-19 crisis, the information below is subject to change, in particular that concerning the teaching mode (presential, distance or in a comodal or hybrid format).



5 credits

30.0 h

Q1

Teacher(s)	Dejemeppe Muriel ;Van Der Linden Bruno ;Van Der Linden Bruno (compensates Dejemeppe Muriel) ;
Language :	English
Place of the course	Louvain-la-Neuve
Main themes	It is widely accepted that the labour market does not function as a standard purely competitive market. The course discusses why actual labour markets are far more complex than this convenient reference model. It advances four main channels through which the relationship between wages, employment and unemployment is affected (1) employees bargaining power (due to unionisation, turnover costs or investment); (2) risk aversion; (3) imperfect information; (4) monopsony power; (5) "social norms". The courses therefore cover a wide spectrum of theories. Within the time available, it is only possible to provide an introduction to these theories.
Aims	<p>The objective of the course is to develop graduate students' abilities in acquiring a better understanding of the functioning of labour markets on the basis of the recent literature of the profession. This literature is usually formulated in terms of formal mathematical models. The lectures aim at helping the student to use and understand the intuition of these formal models as tools for the analysis of the labour market. Moreover, they endeavour to foster the students' understanding of the methodological issues involved when going from the theoretical analysis to the empirical testing of hypotheses formulated by theory.</p> <p>-----</p> <p><i>The contribution of this Teaching Unit to the development and command of the skills and learning outcomes of the programme(s) can be accessed at the end of this sheet, in the section entitled "Programmes/courses offering this Teaching Unit".</i></p>
Evaluation methods	<p><b>Due to the COVID-19 crisis, the information in this section is particularly likely to change.</b></p> <p>Continuous Evaluation.</p> <ol style="list-style-type: none"> <li>The course material of the lectures will be evaluated on the basis of a written final exam.</li> <li>Approximately each week, there will be one homework assignment. Typically, you will have to solve (an) exercise(s). You could also have to read a paper.</li> </ol> <p>Grading is based on the following weights:</p> <p>Homework assignments: 40%</p> <p>Final exam (during the regular examination period): 60%</p> <p>You are allowed to present the final exam twice during a single academic year. If you fail at the first occasion the weight attached to the second final exam will be 100% if this improves your final result.</p>
Teaching methods	<p><b>Due to the COVID-19 crisis, the information in this section is particularly likely to change.</b></p> <p>The course consists of lectures. The topics will be introduced during the lectures. Due to the coronavirus crisis, the lectures will be organized on the campus of Louvain-la-Neuve or online.</p> <p>Reading assignments are also possible. Then, students are expected to come to class having read the assigned documents and ready to participate in discussion.</p>
Content	<p>Updating the above information about the main themes covered, LECON2608 discusses why actual labor markets are often more complex than the convenient competitive framework. It advances four main channels: (1) firms' market power and employees' bargaining power (due to turnover costs, investment, institutions, unionization); (2) uncertainty and risk aversion with incomplete insurance markets; (3) imperfect and asymmetric information; (4) decision makers who do not behave as self-interested rational agents (channel including "social preferences", "social norms",...).</p> <p>To introduce these channels, a selection of the following topics will be covered during the course:</p> <ul style="list-style-type: none"> <li>Job search</li> <li>Equilibrium unemployment</li> <li>Collective Bargaining</li> <li>Contracts, risk-sharing and incentives</li> <li>Incomplete insurance markets</li> </ul>
Inline resources	Slides, exercises, compulsory readings will be available on the course webpage on Moodle UCL ( <a href="http://moodleucl.uclouvain.be/">http://moodleucl.uclouvain.be/</a> ).

Bibliography	<p>Cahuc, Pierre, Carcillo Stéphane and André Zylberberg (2014), Labor Economics, 2nd edition, The MIT Press.                  Garibaldi, Pietro (2006), Personnel Economics in Imperfect Labour Markets, Oxford University Press.                  Boeri, Tito, and Jan van Ours (2013), The Economics of Imperfect Labor Markets, 2nd edition, Princeton University Press.                  In addition various scientific papers are used. Their list is provided in the slides.</p>
Other infos	<p>Prerequisites:                  Economics: A course in microeconomics                  Math: A course in algebra and some familiarity with calculus and, especially, with the concept of derivatives.                  Econometrics: It is assumed that students have at least a basic knowledge in econometrics.                  Although it is not a prerequisite, some students have already followed an introduction to labor economics at the undergraduate level or in a professional master ("LECON2051 Travail, chômage et politiques d'emploi" is an example at the ESL). If not, the student should be aware that some basic topics in labor economics are not covered by LECON2608: labor supply, labor demand and human capital theory in particular. Often, they have to some extent been introduced in a course in microeconomics or in macroeconomics. It is assumed that students have at least a basic knowledge about static labor demand and supply, perfect competition theory. Having heard about compensating wage differentials and human capital theory is an advantage but not a prerequisite.</p>
Faculty or entity in charge	ECON

<b>Programmes containing this learning unit (UE)</b>				
Program title	Acronym	Credits	Prerequisite	Aims
Master [120] in Economics: General	ECON2M	5		
Master [60] in Economics : General	ECON2M1	5		
Master [120] in Economics: Econometrics	ETRI2M	5		