

Program: Labour Markets
2010-2011

Part 1: Wage Formation – Sara de la Rica

Topic 1: Wage Formation - Basics (6 hours)

- 1.1. Introduction.
- 1.2. Wage Setting in a simple competitive model – Labour supply, Labour demand and equilibrium (homogenous workers and homogeneous jobs).
- 1.3. Wage differentials in a competitive model with heterogeneous workers and jobs: Compensating Wage Differentials and The Hedonic Theory of Wages. Theory and evidence
- 1.4. Imperfect Information – Statistical Discrimination - Theory and Evidence.

Topic 2: More on Wage Formation (6 hours)

- 2.1. Wage Discrimination
 - 2.1.1. Theory of Wage Discrimination - Becker's Model.
 - 2.1.2. Methods to measure wage discrimination.
 - 2.1.3. Empirical evidence on wage discrimination.
- 2.2. Collective Bargaining and Wages.
 - 2.2.1. Introduction and importance of collective bargaining.
 - 2.2.2. The behaviour of unions.
 - 2.2.3. Standard models of collective bargaining.
 - The Right-to-manage model.
 - Efficient contracts.
 - 2.2.4. What does collective bargaining do?
 - Empirical evidence on the impact on the level of wages.

Part II: Issues on Supply Behaviour – Arantza Ugidos

Topic 3: Human Capital (8 hours)

- 3.1 Some background
- 3.2 Education and Age-Earnings profiles
- 3.3 The Schooling Model: The Net Present Value Approach
- 3.4 The Post-Schooling Model
- 3.5 Estimating the returns to education
- 3.6 Bias in Rate of Return Estimates:
 - Ability bias
 - Selection bias
- 3.7 The evidence

Topic 4: Job Search (10 hours)

- 4.1 Introduction
- 4.2 Job search models
- 4.3 Job search and unemployment
- 4.3 Statistical instruments for survival analysis
- 4.4 Estimation of duration models
- 4.5 Application to the youth transition from school to the labour market

Part III: The Economics of Immigration – Sara de la Rica – (6 hours)

- 5.1. Introduction.
- 5.2. Who immigrates and Why?: International Evidence
- 5.3. The effect of Immigration on the Destination Economy: Theory and evidence

Part IV: Evaluation of Public Policies – Ricardo Mora (12 hours)

Topic 6: Potential Outcomes, Causality and Social Experiments

- 5.1. Structural and treatment effect approaches to policy evaluation.
- 5.2. Descriptive Analysis.
- 5.3. Potential outcomes and causality.
- 5.4. Employment effect of a subsidized job program.
- 5.5. Race and discrimination in the labour market.

Topic 7: Matching

- 6.1. Motivation: Evaluation of a job training program using nonrandomized data.
- 6.2. Selection on observables.
- 6.3. The propensity score.
- 6.4. The common support condition.

Topic 8: Instrumental Variables

- 7.1. Motivation: Effects on veteran status on earnings.
- 7.2. Interpreting IV estimates when effects are heterogeneous.
- 7.3. Local Average Treatment Effects
- 7.4. The econometric selection model.