



## ***Applied Labour Economics***

ECNM10112, SCQF Level 10, 20 SCQF Credits

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DRPS: <http://www.drps.ed.ac.uk/24-25/dpt/cxecnm10052.htm>

**Accessibility:** If you require this document or any online resources mentioned in this document in an alternative format, please contact Hazel Blair (H.Blair@ed.ac.uk).

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### **Contact Information:**

Course Organiser(s): César Garro-Marín  
Stephan Maurer  
Office Hours tba

Course Secretary: Laura Gasull Lopez ([economics.honours@ed.ac.uk](mailto:economics.honours@ed.ac.uk))

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### **Overview**

This course is an overview course in Applied Labour Economics. Its aim is to familiarise students with the standard theoretical concepts in the analysis of labour markets, the empirical methodology, and the existing evidence. As such, it is complementary to other courses in Labour Economics, but also to courses in Education Economics, Applied Econometrics, and the Economics of Taxation. In addition, it should also be a good preparation for your own empirical work and your writing of applied research papers.

Topics include labour supply and labour demand, wage polarization, labour market inequality, intergenerational mobility, market power of firms and workers, causes and consequences of immigration, discrimination, and gender economics.

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### **Course Organisation**

**Lectures:** there will be the equivalent of 1 x 2hr lectures per week for 10 weeks (Weeks 1-10).

**Time:** Wednesdays: 09.10-11.00am.

#### **Part 1 (Stephan Maurer)**

Week 1: Introduction and Labour Supply

Week 2: Labour Demand

Week 3: Wage Inequality Part 1

Week 4: Wage inequality Part 2

Week 5: Intergenerational Mobility

**Part 2 (Cesar Garro-Marín)**

Week 6: Market Power

Week 7: Migration Part 1

Week 8: Migration Part 2

Week 9: Discrimination

Week 10: Gender

Week 11: Reading Week

**Tutorials:** starting in week 2 there will be one-hour biweekly tutorials. **Times and Venues:** please check on LEARN. **Problem Sets** will be posted on LEARN beforehand and they are part of the course examination (details see below). Tutorials will be automatically assigned based on each student's individual timetable. Students can find which tutorial they are meant to attend through their personalised timetable available on LEARN.

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### Reading List

There is no dedicated textbook, but the following is a good source that covers many of the topics also covered in this course:

George Borjas, *Labor Economics*, 8<sup>th</sup> edition, McGrawHill 2019

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### Learning Outcomes

On completion of this course, the student will be able to:

1. Understand key concepts, issues, and models in labour economics, along with empirical evidence and policy implications of those models.
2. Show deeper understanding of recent research findings in some specific areas of labour economics.
3. Understand and critique empirical strategies to estimate causal relationships.
4. Demonstrate research and investigative skills such as problem framing and solving.
5. Demonstrate personal effectiveness through task-management, time-management, dealing with uncertainty, adaptation to new situations, and personal and intellectual autonomy through independent learning.
6. Demonstrate practical/technical skills such as economic modelling (abstraction, logic, succinctness), quantitative analysis, interpretation of data, and general IT literacy.

### Assessment and Feedback

**A 2-hour degree examination in December 2024 (80%).**

Exam samples (and answer guides) for the final exam will be posted on LEARN during the course. Summary feedback for the final exam will also be provided via LEARN, individual feedback can be obtained from the course organizers.

### **An empirical project (15%).**

The project is intended to develop the skills for working with and analysing data in the context of Labour Economics. The project will consist of a replication of an empirical paper using publicly available data. Further information will be provided in the first two weeks and via Learn.

The projects will be carried out jointly in small groups. Each group will submit one handout summarising their results along with all the code used for producing their results. The submission deadline for the project will be **Thursday, November 7 at 3 pm.**

Please note that the above submission deadline will be strictly enforced. Following standard University-wide policy, we will apply a penalty of 5 percentage points per working day, or part thereof, up to a maximum of 5 days after which a mark of zero will be awarded. Extensions will only be granted where there are substantial and properly authenticated 'special circumstances' (e.g. serious illness).

Summary feedback for the empirical project will also be provided via LEARN, individual feedback can be obtained from the course organizers.

Please ensure that you are aware of the requirements for appropriate citation of references and data sources and have read the guidance on plagiarism in section 4.4.1 of the Economics Honours Handbook and/or the general University guidance at:  
<http://www.aaps.ed.ac.uk/regulations/Plagiarism/Guidance/StudentGuidance.doc>

All members of a team will be awarded the same common mark for the project. If you feel a member of your team is shirking, then you and other members of the team will need to put pressure on the shirker to do his/her fair share of the work. This can at times be difficult but, such difficulties are commonly encountered in many work situations, so that the team project provides a valuable opportunity at building experience and skills for dealing with such problems. It can also be helpful to bear in mind that if you work hard at the team project this will help you learn, and will benefit your individual performance in other assessments.

However, if you feel, that a member of your team did not pull their weight at all, and was a serious free-rider, then we have instituted the following:

(i) You may inform us of the problem, giving your name and that of the person you think shirked; do this by email to [Economics.Honours@ed.ac.uk](mailto:Economics.Honours@ed.ac.uk) **no later than 1 week after the deadline**. Each active member of the team with this concern should send a separate email. The alleged shirker will not learn the name of any person who has made the allegation.

(ii) The School of Economics department will make whatever investigations are thought appropriate; this can include monitoring tutorial attendance/participation and submission of online tests. If necessary, we will

request the alleged shirker to give an account of his/her contribution to the group's work.

(iii) If the school feels that the alleged shirker did not make an appropriate contribution to the group's work, he or she will receive a mark that will normally be zero.

### **Problem set participation (5%)**

There will be a total of five problem sets that will form the basis for the tutorials. Problem sets will have to be submitted before the tutorials (details will be communicated in the first week of teaching on Learn). Students are expected to show reasonable effort on the problem sets. Each problem set submitted in time and with reasonable effort will count as a percentage point for the final exam mark. Students are encouraged to work on the problem sets in groups, but each student must submit their own solutions. Since the problem sets are discussed within days of the submission deadlines, late submission is not possible: Any late submission will be treated as a non-submission.

Any reassessment of the course will be by examination in the August diet. The reassessment will take the same format as the degree exam.

Valid special circumstances will typically lead to components of assessment being disregarded, null sits offered, and progression or award boards might disregard course marks.

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### **Marking Guidelines**

The final exam will contain two sections. Section A (worth 75%) has 3 long questions. Section B (worth 25%) has 5 multiple choice questions. Students need to answer ALL questions. The structure of the exam will be very similar to previous years and at least one mock exam will be made available to students at the end of the semester.

Some of these questions require no mathematics to be answered well. Points in these discursive questions will be awarded for a **concise, clear, and justified answer**. Partial credit is awarded when the answer is either too broad or contains mistakes or inconsistencies. No credit is given for an answer which is irrelevant (e.g. contains random bits of econometrics) or indicates a fundamental misunderstanding of the concept in focus of the question.

Other questions may require a substantial amount of mathematics to be answered well. The level that you will be expected to reproduce in the exam will be the mathematics that we cover in the tutorials.

The questions you will go through in the tutorials have been designed with the exam in mind. To get full marks for one of these questions you need to arrive to the correct answer and demonstrate all necessary steps along the way. For these questions I recommend making brief notes explaining the steps in words, even if the maths seems self-explanatory. If you make a mistake, these comments will enable the marker to tell the difference between a simple typo and a fundamental misunderstanding of the model. For these questions, partial credit will be awarded for a strong intuitive discussion, even if the mathematics is wrong.

Problem sets will contain several questions to work through. In order to receive credit, reasonable effort must be shown on all parts of the problem set.

The group project will involve partial replication of an empirical paper with publicly available data.

The project consists of several questions designed to test your understanding of the paper, your data analysis skills, and the empirical strategies used. These questions can involve explaining concepts or methods used in the paper, explaining the intuition underlying an empirical exercise, performing data cleaning tasks, replicating a table or figure from the paper, among others. Credit will be awarded for clear, concise and justified answers that show understanding of the concepts or intuitions. Whenever the question involves reproducing tables or figures, these must come in a readable and professional format, and they should align with the results of the paper being replicated. Partial credit is awarded when the answer is either too broad or contains mistakes or inconsistencies, and with badly formatted tables or figures. No credit is given for an answer which is irrelevant.

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### **Changes to course relative to 2023-24**

While the material covered will be very similar to the last year, we have introduced an empirical project as a further assessment component.