Syllabus

Time and place

The lecture takes place in 4-hour blocks on the following dates:
Monday, 14:15-17:35, WWZ S15, 06.04./20.04./27.04./04.05./18.05./25.05.2020
(including a 20 min lunch break 15:45-16:05)

Content

Labour market policy comprises the set of all policies with which the government intervenes in the labour market. In this course, we discuss challenges that labour market policy faces today. Currently, there are four challenges that receive particularly high attention in the policy debate: the demographic development, the digital transformation, the labour market integration of immigrants, and making work pay. The demographic development is particularly challenging because it affects the labour market in many dimensions: it reduces labour supply, it threatens the sustainability of the social insurance system, and it makes the compatibility of work and family more important than ever. At the same time, the digital transformation causes substantial shifts in the skills and tasks demanded by employers, which attenuates the labour shortages caused by the demographic development in some dimensions and aggravates them in others. The situation will become particularly challenging for low-skilled workers with routine jobs, which will make the labour market integration of low-skilled immigrants, in particular of refugees, even more challenging than it already is. Also, if there are fewer and fewer work opportunities for low-skilled workers, then making work pay for this group also becomes more difficult.

In this course, we discuss the current challenges faced by labour market policy and possible ways in which it could respond. In particular, we discuss how different policy interventions could help to master these challenges. We start by discussing the theoretical effects of policy interventions and continue with contrasting them with empirical evidence on their effects in reality.

Learning objectives

The objective of the course is twofold. On the one hand, it aims to enable students to make informed decisions about policy proposals that affect the labour market, for example, when they have to vote on specific proposals. On the other hand, the course aims to enable students to prepare policy briefs that serve as input for the decision making process of policy makers.

Structure

The course starts with a series of lectures where we discuss the current challenges faced by labour market policy, possible ways in which it could respond, as well as the theoretical and empirical effects of specific policy instruments. Thereafter, students receive a take-home assignment where they have to prepare a policy brief for a specific policy proposal in groups. In this policy brief, students will discuss the pros and cons of the proposal in terms of possible

effects on the labour market, both from a theoretical perspective and based on the existing empirical evidence. Following this discussion, students will derive and substantiate a recommendation whether to adopt or reject the policy proposal.

Grading (3 credit points)

Grading will be based on a take-home assignment that students have to complete in groups. The group size will be 2-4 depending on the number of students in the course. As assignment, each group has to prepare a policy brief for a specific policy proposal. In this policy brief, students discuss the pros and cons of the proposal in terms of possible effects on the labour market, both from a theoretical perspective and based on the existing empirical evidence. Following this discussion, students derive and substantiate a recommendation whether to adopt or reject the policy proposal.

Prerequisites

Students should be familiar with basic economic models and standard economic reasoning. Prior knowledge of labour economics is helpful but not required. Understanding the challenges involved in quantifying effects of policies and being able to judge the quality of empirical studies is helpful, too. Attending the course "Policy Evaluation" is very useful in this respect.

Readings

A reading list will be posted on ADAM.