



Course and Examination Fact Sheet: Spring Semester 2020

6,258: Evaluation of Labour Policy

ECTS credits: 6

Overview examination/s

(binding regulations see below)

Decentral - Written examination (60%, 90 mins.)

Decentral - Group examination paper (all given the same grades) (20%)

Decentral - Presentation (in groups - all given the same grades) (20%)

Attached courses

Timetable -- Language -- Lecturer

[6,258,1.00 Evaluation of Labour Policy](#) -- Englisch -- [Balestra Simone](#), [Koeniger Winfried](#), [Eugster Beatrix](#)

Course information

Course prerequisites

Basic calculus and econometrics (linear regression and IV). Basic knowledge of R is an advantage.

Learning objectives

By the end of the course, the students will

- be familiar with important models of the labour market and they can critically evaluate their assumptions;
- be familiar with the important stylized facts on labour markets and they know where to find statistics on the labour market;
- understand methodologies that allow to draw causal inference in the context of labour market policies;
- understand the effects of important existing labour market policies and they are able to critically evaluate policy proposals for the labour market.

Course content

This course is suitable for those who would like to understand important aspects of labor market policy.

Part I

Students are introduced to the main existing models for the analysis of labor markets. These models are then applied (i) to understand important phenomena such as unemployment, worker and job flows; and (ii) to discuss the resulting policy implications. The main covered topics are:

- Labour markets with moral hazard: We show how unobserved effort of workers implies wages above the market clearing level, resulting in unemployment.
- Labour markets with search frictions: We show how plausible frictions in the labour market generate equilibrium unemployment.

Part II

Students are introduced to empirical methods for the causal analysis of effects of labour market policies. They get to know the Rubin causal model as a framework for causal analysis. They then get to know and learn to apply field experiments, regression discontinuity designs, and difference-in-differences. For each topic the students will:

- Get to know the empirical method
- Read and discuss research that applies the method



- Learn to apply the method using R

Part III

Self-study and preparation of presentations

Part IV

Students present applications of the material covered in parts I and II to analyse the effect of labour market policies, in theory and in practice:

- Students analyse the effect of important existing policies such as unemployment insurance, minimum wages and employment protection legislation.
- Students present and discuss empirical evidence on labour market performance in developed countries.

Course structure

The course consists of four parts. The first part gives an introduction to the leading frameworks/models to understand labour markets, unemployment and the effect of labour market policy. In the second part we explain methodologies that allow to evaluate the causal effects of labour market policy empirically. In the third part, students have the opportunity in self-study to deepen their understanding of the first two parts by working in small groups and preparing a presentation. These applications of the learned material are then presented in the fourth part of the lecture.

Course literature

The lecture slides/notes are the main reference for the material covered in the course. We will draw on material contained in the following textbooks, parts of which are however at a more advanced level than required for this course. The books serve as useful reference for further reading on the topic.

- Cahuc, Pierre and André Zylberberg: *Labor Economics*, 1st edition, MIT Press, 2004.
- Cahuc, Pierre, Stéphane Carcillo and André Zylberberg: *Labor Economics*, 2nd edition, MIT Press, 2014.
- Romer, David, *Advanced Macroeconomics*, McGraw-Hill, 2012.
- Pissarides, Christopher A., *Equilibrium Unemployment*, MIT Press, 2000.
- Angrist, Joshua D. and Jörn-Steffen Pischke, *Mostly Harmless Econometrics*, Princeton University Press, 2009.

Additional course information

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Examination information

Examination sub part/s

1. Examination sub part (1/3)

Examination time and form

Decentral - Written examination (60%, 90 mins.)

Remark

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Examination-aid rule

Extended Closed Book

The use of aids is limited; any additional aids permitted are exhaustively listed under "Supplementary aids". Basically, the following is applicable:

- At such examinations, all the pocket calculators of the Texas Instruments TI-30 series and mono- or bilingual dictionaries (no subject-specific dictionaries) without hand-written notes are admissible. Any other pocket calculator models and any electronic dictionaries are inadmissible.



- In addition, any type of communication, as well as any electronic devices that can be programmed and are capable of communication such as notebooks, tablets, PDAs, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examination aids.

Supplementary aids

A calculator is allowed.

Examination languages

Question language: English

Answer language: English

2. Examination sub part (2/3)

Examination time and form

Decentral - Group examination paper (all given the same grades) (20%)

Remark

Empirical exercises / replications

Examination-aid rule

Term papers

- Term papers must be written without anyone else's help and in accordance with the known quotation standards, and they must contain a declaration of authorship.
- The documentation of sources (quotations, bibliography) has to be done throughout and consistently in accordance with the APA or MLA standards. The indications of the sources of information taken over verbatim or in paraphrase (quotations) must be integrated into the text in accordance with the precepts of the applicable quotation standard, while informative and bibliographical notes must be added as footnotes (recommendations and standards can be found, for example, in METZGER, C. (2017), Lern- und Arbeitsstrategien (12th ed., Cornelsen Schweiz).
- For any work written at the HSG, the indication of the page numbers both according to the MLA and the APA standard is never optional.
- Where there are no page numbers in sources, precise references must be provided in a different way: titles of chapters or sections, section numbers, acts, scenes, verses, etc.
- For papers in law, the legal standard is recommended (by way of example, cf. FORSTMOSER, P., OGOREK R. et SCHINDLER B. (2018, Juristisches Arbeiten: Eine Anleitung für Studierende (6. Auflage), Zürich: Schulthess, or the recommendations of the Law School).

Supplementary aids

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Examination languages

Question language: English

Answer language: English

3. Examination sub part (3/3)

Examination time and form

Decentral - Presentation (in groups - all given the same grades) (20%)

Remark

Presentation of book chapter or research paper

Examination-aid rule

Practical examination

No examination-aid rule is necessary for such examination types. The rules and regulations of the University of St. Gallen apply in a subsidiary fashion.

Supplementary aids

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Examination languages

Question language: English

Answer language: English

Examination content

Decentral written examination:

All material from Parts I and II are covered.

Written homework:

Replication of empirical research paper

Presentation:

Book chapter (Cahuc, Carcillo, Zylberberg) or empirical research paper according to the list published on the course website.

Examination relevant literature

The lecture slides/notes and the empirical research papers discussed in class are the main reference for the material covered in the course.

Please note

Please note that this fact sheet alone is binding and has priority over any other information such as StudyNet (Canvas), personal databases or faculty members' websites and information provided in their lectures, etc.

Any possible references and links within the fact sheet to information provided by third parties are merely supplementary and informative in nature and are outside the University of St.Gallen's scope of responsibility and guarantee.

Documents and materials that have been submitted no later than the end of term time (CW21) are relevant to central examinations.

Binding nature of the fact sheet:

- Information about courses and examination time (central/decentral) and examination type starting from the beginning of the bidding on 23 January 2020
- Information about examinations (examination aid regulations, examination content, examination-relevant literature) for decentral examinations after the 4th semester week on 16 March 2020
- Information about examinations (examination aid regulations, examination content, examination-relevant literature) for central examinations as from the starting date for examination registration on 6 April 2020

Please consult the fact sheet again after these deadlines have expired.