

Applied economics III: labor economics and employment policies

Level: L2

Track: all

Semester : S1

Teaching hours: 18 h of lecture et 18 h of tutorials

Teaching language: Français

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Course's objectives:

This course offers an in-depth exploration of how modern labor markets function and why they sometimes fail. Building on *Macroeconomics II*, which highlighted the links between the business cycle and unemployment, we shift the focus to the microeconomic foundations of employment. We examine the neoclassical framework (labor supply and the consumption–leisure trade-off, firm labor demand, partial equilibrium), then analyze key sources of labor-market imperfections (agency issues, frictional unemployment, unions, and discrimination). The course also develops tools to interpret how unemployment is measured in practice and to understand the conceptual limits of these indicators. Finally, we discuss the normative dimension by evaluating employment policies and their theoretical justifications.

Lesson plan:

1. Microeconomic models of salaried employment
 - i. Labor supply, job search and compensating wage differentials
 - ii. Labor demand, recruitment and incentive wages
 - iii. Labor market and collective institutions
2. Macroeconomic performance of the labor market, evaluation of public employment policies
 - i. Criteria for assessing labor market performance
 - ii. Heterodox critiques of micro-founded approaches

Skills developed:

- Rigorous understanding of **labor-market theory** and its microeconomic modeling tools.
- Ability to **mobilize multiple economic approaches** (micro, macro, metrics, behavioral and political economy) in a coherent analysis.
- Capacity to **evaluate the empirical validity** of models and their implications for public policy.
- Critical reading of **media, films, podcasts, and online resources** to assess how labor-market issues are represented outside academia.
- Skill in **linking economic models to narratives and real experiences**, from literature to interviews with labor-market professionals, to strengthen intuition and analytical flexibility.
- Enhanced **communication and debate skills**, through structured debates and group discussions on contested labor-market topics.

Grading system: “contrôle continu intégral” = 1 individual table test, 1 computer-lab practical (R software), 1 team written report, 1 group oral presentation, 3 debates, and several short quizzes (Wooclap).



Prerequisites:

L1 microeconomics and macroeconomics courses; L1 mathematical tools

Bibliography / references:

- Microéconomie de l'emploi (J.-Y. Lesueur & M. Sabatier)
- Labor economics (P. Cahuc & A. Zylberberg)
- Économie du travail et des politiques de l'emploi (P. Cotelette)
- Économie du travail et des ressources humaines (D. Masclat & T. Rebière)