

Issues in Labor Economics (ECON498)

Term: Fall 2025/26

Time & Place: Fridays 14:40–17:30, FZ15

Instructor: Sinem Ayhan

General Information

Why do some workers earn more than others? Why do people invest in education, and what returns do they gain? What explains persistent gender wage gaps? How does migration reshape labor markets? This course explores these and other central questions in labor economics by combining theory with real-world data.

The aim is twofold: (i) to build a solid understanding of core labor market models, and (ii) to critically evaluate how well these models explain actual labor market outcomes. We will move between theory and evidence —learning the models, then assessing them through applied research articles that draw on diverse data sources and are published in leading field journals. A detailed syllabus, including weekly topics and required readings, will be provided during the first class.

Given the breadth of the field, the course will focus on selected topics, with particular emphasis on the empirical evaluation of public policy. Topics include *labor supply and demand*, *labor market equilibrium*, *human capital*, *labor market discrimination*, and *international migration*.

The course is structured in two parts:

- **Part I** (first half) develops the theoretical foundations of labor supply, labor demand, and labor market equilibrium, and connects them with empirical evidence and applications.
 - **Part II** (second half) builds on this foundation to explore human capital, labor market discrimination, and international migration. These topics will be introduced with some theoretical concepts, but the emphasis will be on empirical analysis and policy evaluation.
-

Reference Textbooks

Selected chapters from the following textbooks will be used throughout the course:

- George J. Borjas, *Labor Economics*, 8th Edition, McGraw-Hill Education, 2020.
 - Pierre Cahuc, Stéphane Carcillo, and André Zylberberg, *Labor Economics*, 2nd Edition, MIT Press, 2014.
 - Kılıçaslan, Y. (Editor), & Dayıoğlu Tayfur, M. (Editor), (2023). *Labor Economics*. Eskişehir: Anadolu Press.
-

Prerequisites

There are no formal prerequisites. However, prior knowledge of basic microeconomic theory and econometric methods will be helpful.

Course Schedule and Venue

Lectures begin on **October 3, 2025** and will be held on Fridays, 14:40–17:30, in FZ15, Department of Economics, METU.

Evaluation

- **Midterm Exam (40%):** Covers theoretical concepts and empirical applications related to labor supply, labor demand, and labor market equilibrium.
 - **Final Exam (60%):** Requires students to write a short essay on a research question from any course topic, reviewing relevant literature, discussing empirical difficulties, and developing reasoning with theoretical concepts and empirical methods from the course.
-

Contact Information

Sinem Ayhan
Department of Economics, METU
Office: A04
Email: ayhans@metu.edu.tr