Research Topics in Labor Economics: Syllabus First Part
[SEM 0192]

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Class Hours:
Monday 16:00-19:00 Classroom O. Castellino
Tuesday 15:00-17:00 Classroom O. Castellino

Office Hours: On Appointment and After Class

1 Introduction

The course is in two parts and offers an overview of two approaches to labor market analysis. The first part covers search and matching models with various applications to the labor market. The first part relies on some mathematical tools discussed in the first year in the math courses, such as basic dynamic programming. While taking these courses is not a prerequisite, it is certainly useful for following properly the first part of the course.

Labor economics has been an important discipline in terms of applying and developing empirical techniques. As a result, the second part of the course is going to focus on these empirical methods and their application to the major topics studied by labor economists

2 Problem Sets

There will be approximately 3 problems sets to be uploaded into moodle and handed in with a combination of math and (maybe) computer files. For the problem sets it will be important not only accuracy but also timing, as students are expected to running codes along the course. In case there is a computer script should be either a Jupyter notebook file (.ipynb or a spyder file .py) plus a single .pdf file if necessary. In general the solution should be handed in as a file SURNAME_PSET_X.pdf

3 Exam

In addition to the problem set, the exam on the first part of the course will be based on a small workshop in which subtends will present a paper from the literature. FOr the second part there will be work with Stata, but professor Fanfani should still sort out the details. .

4 Textbooks, Handouts and Codes

There are two textbook references for the first part, as well as lecture notes: * References are mandatory. The handouts are obviously work in progress and also to the benefit of future students I encourage you to point out

typos. Sorry in advance for those! Note that this syllabus may be updated during the course. Please look for the most recent version in moodle.

- Pissarides (2000)

- Acemoglu and David (2019)

- Petrosky-Nadeau and Etienne (2017)

Week 1. One Sided Search

- Methods
    - Discrete and Continuous Value Function. Reservation Wage
- Models
    - Partial Equilibrium Search
    - Numerical Dynamic Programming
- Key Readings
    - McCall (1970)*
    - Mortensen and Pissarides (1999)*
    - Sargent and Stuchurski (2024)
    - Acemoglu and David (2019)

Week 2. The basic labor market, and Wage Determination

- Methods
    - Random Matching and Nash Bargaining
- Models
    - General Equilibrium Search
- Key Readings
    - Pissarides (2000)*, Chapter 1
      Acemoglu and David (2019)*

Week 3. Endogenous Job Destruction and Business Cycle Properties

- Models
    - Search with endgenous job destrction
- Key Readings
    - Mortensen and Pissarides (1994)*
      Pissarides (2000)
      Ljungqvist and Sargent (2017)*

Week 4. Directed Search and On-The Job Search

- Sources and Key Reading
    - Wright et al. (2021)*
    - Pissarides (2000)*, Chapter 4
    - Burdett and Mortensen (1998)

Week 5. Temporary Contracts in Market with Frictions

- Sources and Key Reading

    - Boeri and Garibaldi (2024b)*
    - Boeri and Garibaldi (2024a)*

References

Acemoglu, D. and David, A. (2019). *Lecture Notes on Labor Economics: Part IV Search and Unemployment*. Available at https://elearning.unito.it/sme/.

Boeri, T. and Garibaldi, P. (2024a). Data and code for: Temporary employment in markets with frictions. *American Economic Association* [publisher], Inter-university Consortium for Political and Social Research [distributor]. https://doi.org/10.38886/196141.

Boeri, T. and Garibaldi, P. (2024b). Temporary employment in markets with fritions. *Journal of Economic Literature*, 111(9):2630–2665.

Burdett, K. and Mortensen, D. (1998). Wage differentials, employer size, and unemployment. *International Economic Review*, 30:257–73.

Ljungqvist, L. and Sargent, T. (2017). The fundamental surplus. *American Economic Review*, 107(9):2630–2665.

McCall, J. (1970). Economics of information and job search. *Quarterly Journal of Economics*, 84(1):113–126.

Mortensen, D. and Pissarides, C. (1999). *New developments in models of search in the labor market*. Elsevier.

Mortensen, D. T. and Pissarides, C. A. (1994). Job creation and job destruction in the theory of unemployment. *The Review of Economic Studies*, 61(3):397–415.

Petrosky-Nadeau, S. and Etienne, W. (2017). *Labor, Credit and Goods Market: The Macroeconomic of Search and Unemployment*. MIT Press, Massachussets.

Pissarides, C. (2000). *Equilibrium Unemployment Theory*. MIT Press, Massachussets.

Sargent, T. and Stuchurski, J. (2024). *Dynamic Programming: Volume 1*. Quantitative Economics: Availablee on line.

Wright, R., Kircher, P., Juliet, B., and Veronica, G. (2021). Directed search and competitive search equilibrium: A guided tour. *Journal of Economic Literature*, 59(1):90–148.