

Topics in Advanced Macroeconomics (MS/PhD)

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Lectures: Wednesdays 10:00-11:30, room TBD

Tutorials: Wednesdays 15:15-16:45, room TBD (every other week from 15.11.2023)

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Overview

In this course, we look at dynamic recursive models of imperfect labor markets. In particular, we study models with search friction - a feature that requires the supply and demand sides of a market to spend time and/or effort to meet one another and form a productive match. Such models provide a natural framework to study unemployment and wage dispersion. The goals of the course are to introduce you to some of the major developments and tools in the field and to apply them in policy analyses.

Course Information

Evaluation: Your final grade will be determined by three/four components as follows:

Requirement	% of Grade (MS)	% of Grade (PhD)
1. Participation	20%	20%
2. Problem Sets	40%	30%
3. Presentation	40%	30%
4. Final Assignment		20%

Participation: Your participation in classroom discussions has positive externalities. Therefore, a small percentage of your grade is allocated to motivate this behavior. You should read the papers marked (*) before each lecture and be prepared to discuss your problem-set solutions in tutorial sessions.

Problem Sets: There will be 4 problem sets throughout the semester including analytical, coding, and data exercises.

Final Assignment (doctoral students only): Doctoral students taking this course should complete a final assignment, which will be announced in the last lecture.

Presentation: Each registered participant in the course needs to pick a paper from the ones marked (A) to present in class. The length of the presentation is 45 min. We will coordinate on who will present what in the following few weeks.

Software: For coding exercises, you are encouraged to program in Matlab or Fortran. You may use other programming packages, but I will provide only limited support and feedback in such cases. Campus-wide access to Matlab is available at the university. For those of you who are not familiar with Matlab, there will be an introductory lecture on the software, during which I will go through example codes. Students who are interested in learning Fortran should contact me.

For data exercises, you may use Stata or other softwares for statistical analysis.

ILIAS: All course materials, including problem sets and lecture slides, are posted on ILIAS.

Tentative Course Outline & Readings

(*): Required reading - will discuss in class.

(A): Pick from these article for class presentations.

1. Partial Equilibrium Search Models and

- (*): [McCall \(1970\)](#)
- (A): [Guler et al. \(2012\)](#), [Burdett and Mortensen \(1998\)](#)
- [Burdett \(1978\)](#), [Mortensen \(1987\)](#), [Rogerson et al. \(2005\)](#)

2. Application: Optimal Unemployment Insurance

- (*) [Hopenhayn and Nicolini \(1997\)](#), [Lentz \(2009\)](#)
- (A) [Acemoglu and Shimer \(2000\)](#)
- [Ljungqvist and Sargent \(2012\)](#) Chapter 22, [Shimer and Werning \(2008\)](#), [Lentz and Tranaes \(2005\)](#)

3. Equilibrium Wage Dispersion (Part 1): On-the-job Search

- (*) [Burdett and Mortensen \(1998\)](#), [Lentz \(2009\)](#)
- (A) [Burdett and Judd \(1983\)](#), [Piyapromdee \(2018\)](#)

4. Endogenous Job Creation and Job Destruction

- (*) [Mortensen and Pissarides \(1994\)](#)
- [Pissarides \(2000\)](#) Chapters 1, 2, & 8, [Hosios \(1990\)](#), [Nobel lecture: Pissarides \(2011\)](#)

5. Shimer's Critique and the Beveridge Curve

- (*) [Shimer \(2005\)](#), [Elsby et al. \(2015b\)](#)
- (A) [Costain and Reiter \(2008\)](#), [Elsby et al. \(2015a\)](#), [Hall \(2005\)](#), [Shimer \(2012\)](#)

6. Equilibrium Wage Dispersion (Part 2): Sequential Auctions Models

- (*) [Postel-Vinay and Robin \(2002\)](#), [Cahuc et al. \(2006\)](#), [Lise et al. \(2016\)](#)
- (A) [Dey and Flinn \(2005\)](#), [Bagger and Lentz \(2018\)](#), [Lise and Robin \(2017\)](#), [Bagger et al. \(2014\)](#),
- [Abowd et al. \(1999\)](#), [Lentz and Mortensen \(2010\)](#)

7. Application: Minimum Wages

- (*) [Flinn \(2006\)](#)
- (A) [Engbom and Moser \(2018\)](#), [Hungerbühler and Lehmann \(2009\)](#)

8. Application: Discrimination

- [Lockwood \(1991\)](#), [Jarosch and Pilossoph \(2018\)](#)

References

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