

# SYLLABUS

University of North Carolina-Chapel Hill  
Department of Economics

## Econ 890-002: Topics in Labor Economics - Dynamics and Search

FALL 2016

[Preliminary - Version: August 1, 2016]

### Instructor:

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### Time and Place:

Class: 2.00pm-3.15pm TR, Woollen Rm. 0302  
Office Hours: 5.00pm-6.30pm T and by appointment

## Description:

The course covers topics and articles in labor economics characterized by an attention to dynamic considerations. For each topic, we will study both theoretical and empirical issues. We will focus on two groups of contributions, organized by the main methodology implemented. The first group includes papers emphasizing search frictions in the labor market. The second group includes contributions using discrete choice models to treat labor market dynamic .

This approach will lead to two results. First, you should be able to learn *tools* useful to conduct and understand research contributions in labor economics. Second, you should be able to learn how some important *topics* in the literature are treated and which new avenues of research are open and debated.

Some topics will be covered in more details than others. The choice of topics reflect the current other offerings available in the department and the research area I have been more actively involved in.

The course material will mainly consist of research articles published in leading international Journals. I will make occasional use of selected books chapters. The complete list of references is included at the end of this document. The rest of the syllabus lists an approximate calendar organized by topics and the course requirements.

All students are responsible for knowing the UNC's Honor Code (<http://honor.unc.edu/>).

**Note:** References and topics denoted by \* are required reading and they will be covered in class; references and topics denoted by - are additional voluntary reading and they may or may not be covered in class. All \* papers and most of the - papers are available in PDF on the Course Website in Sakai under Resources.

## Calendar:

### 1. Search Models [Week 1 to 5]

- (a) Introduction:
  - Van den Berg 1999
  - Eckstein and van den Berg 2005
  - Nobel Prize Motivation 2010
- (b) Baseline model and general results for identification:
  - \* Flinn and Heckman 1982

- (c) Search-Matching-Bargaining Models:
  - \* Returns to Schooling: Eckstein and Wolpin 1995
  - \* Gender Differentials: Flabbi 2010
  - Health insurance: Dey and Flinn 2005
  - Minimum Wage: Flinn 2006
- (d) Equilibrium search models:
  - Theory: Albrecht and Axell 1984 [AA]
  - Theory: Burdett and Mortensen 1998 [BM]
  - \* Basic identification results for BM: Mortensen 1990
  - \* Estimation of AA: Eckstein and Wolpin 1990
  - \* Estimation of BM using between market heterogeneity: Van den Berg and Ridder 1998
  - Estimation of BM using within market heterogeneity: Bowlus, Kiefer and Neumann 1995
  - Estimation of equilibrium search models using matched employer-employee data: Postel-Vinay and Robin 2002
- (e) Household search models:
  - Theory: Guler, Guvenen and Violante 2012
  - Estimation: Dey and Flinn 2008
  - \* Estimation with comparison between household and individual search: Flabbi and Mabili 2012
  - Theory and estimation of joint search in marriage and labor markets: Flabbi and Flinn 2015

## 2. Dynamic Discrete Choice Models [Week 6 to 9]

- (a) Introduction:
  - Aguirregabiria and Mira 2010 (\* Section 2)
  - Wolpin 1996
  - Rust 1994
  - \* Eckstein and Wolpin 1989
  - Heckman 1981
- (b) Application - Occupational Choice:
  - Lee and Wolpin 2006
  - \* Keane and Wolpin 1997
  - Miller 1984
- (c) Application - Child Development:
  - \* Bernal 2008
  - \* Del Boca, Flinn and Wiswall 2014
  - Mroz, Liu, and Van der Klaauw 2010
  - Tartari 2015

## 3. Exam [Week 10]

- Review Session: October 27
- Exam Session: November 1

## 4. Methodological Issues [Week 12 and 13]

- (a) Economic Theory and Empirical Work:
  - Wolpin 2013 (\* Selected Chapters)
  - Keane 2010
  - Rust 2010 and 2014

(b) Structural and Reduced Form Econometrics:

\* Rosenzweig and Wolpin 2000

- Deaton 2010

- Imbens 2010

- Heckman 2010

#### 5. Students Presentations [Week 13 and 14]

### Course Requirements [relative weight]:

1. Exam [40%]:

It will be the only exam of the course and it will be late in the semester but before the usual time of a final so you can devote the last part of the semester to the paper.

2. Presentation [10%]:

It will be an in-class presentation about the paper you are proposing to complete for the course. Presentations will be held during the last few classes of the course, depending on enrollment. Tentative starting date for students' presentations is November 10.

3. Paper [50%]:

It should be a replication study of some or all the empirical results included in papers already published. You can choose a paper from the list of references included in this syllabus or you may propose another paper. Each of you should choose a different paper and should previously discuss with me the choice. The deadline to hand in the final version of the paper is the last day of the examination period: December 11.

## References

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- [3] Bernal, R. (2008), The Effect of Maternal Employment and Child Care on Children's Cognitive Development, *International Economic Review*, 49, 1173-1209.
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