

The course introduces analytical techniques and discusses empirical and policy issues.

Readings include portions of

- *Labor Economics* by Pierre Cahuc and André Zylberberg (MIT Press, 2004)
- *Models for Dynamic Macroeconomics* by Fabio-Cesare Bagliano and Giuseppe Bertola (Oxford University Press, 2004)

as well as surveys of theory and evidence and some theoretical, empirical, and policy-oriented papers focused on specific aspects.

1. Employment and wages

- * Cahuc-Zylberberg, Chapter 4.
- * Bagliano-Bertola, Chapter 3.

2. Unemployment

a. Job reallocation

- * Cahuc-Zylberberg, Chapter 9.1-3
- Bagliano-Bertola, Chapter 5.

b. Collective bargaining

- * Cahuc-Zylberberg, Chapter 7.1, 7.4.

3. Institutions and policies

Cahuc-Zylberberg, Chapter 11.

- * G.Bertola, “Microeconomic Perspectives on Aggregate Labor Markets,” in O.Ashenfelter and D.Card (eds.), *Handbook of Labor Economics* vol.3, Amsterdam: North-Holland, 1999, pp. 1399-1461.

OECD Employment Outlook 2004: Chapter 2, “Employment Protection Regulation and Labour Market Performance,” pp.61-126 and Chapter 3, “Wage Setting Institutions and Outcomes,” pp. 127-182.

a. cross-country evidence

- * G.Bertola, F. D. Blau, L. M. Kahn “Comparative Analysis of Labor Market Outcomes: Lessons for the US from International Long-Run Evidence”

pp.159-218 in A.Krieger and R.Solow (eds.), *The Roaring Nineties: Can Full Employment Be Sustained?*, Russell Sage and Century Foundations, 2002.

* Y.Algan, P.Cahuc, A.Zylberberg “Public Employment and Labour Market Performance” *Economic Policy* 34, pp.9-65.

S.Nickell “Unemployment and Labor Market Rigidities: Europe versus North America.” *Journal of Economic Perspectives* 11(3): 55-74.

O.J.Blanchard and J.Wolfers “The Role of Shocks and Institutions in the Rise of European Unemployment: The Aggregate Evidence” *Economic Journal* 110(462): C1-33

D.Checchi, C.Lucifora “Unions and Labor Market Institutions in Europe” *Economic Policy* 35, pp.362-408

b. interpretation

* G.Bertola, “Labor Market Institutions in a Changing World,” *Moneda y Crédito* 218(2004) pp.61-98.

G.Bertola, “A pure theory of Job Security and Labor Income Risk,” *Review of Economic Studies*, 71:1 (January 2004), 43-61.

O.Blanchard and J.Tirole, “Contours of employment protection reform,” web.