

Labour Market Economics

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The course will focus on the macroeconomic implications of institutions regulating imperfect labour markets. In particular, we will cover the following set of institutions: employment protection legislation, unemployment benefits, active labour market policies, unions and collective bargaining institutions. The main results of the empirical literature will be reviewed. Attendants will also be provided with data (and stata programmes) allowing them to replicate some of the key results of the literature and possibly extend them in new directions. Each day will be devoted to a different institution, except the first one in which we will provide a unifying framework. Readings denoted by a star are highly recommended.

1. Product-Labour Market Interactions, Institutions and Reforms

*Boeri, T. and vanOurs, J. (2008) *The Economics of Imperfect Labor Markets*, Princeton University Press (from now onwards BvO, 2008), Chapter One.

*Mortensen D. T., and Pissarides C.A., (1999) "New Developments in Models of Search in The Labor Market", in *Handbook of Labor Economics*, Chapter 39. Vol. 3B, O. Ashenfelter and D. Card eds, North Holland.

Boeri, T. "Institutional Reforms in Labor Markets", draft chapter for 2010 *Handbook of Labor Economics* (will be provided to course attendants).

2. Employment Protection Legislation

*BvO Chapter 10.

Bertola, G. (2003) "Employment Protection and Labour Reallocation", *Review of Economic Studies*.

Boeri, T. and Garibaldi, P., "Two Tier Reforms of Employment Protection: a Honeymoon Effect?", *Economic Journal*, Vol. 117(521), pp. 357-385.

Pissarides, C. (2001) "Employment Protection", *Labour Economics*, 8, 131-159.

3. Unemployment Benefits

Acemoglu, D. and Shimer, R. (1999), "Efficient Unemployment Insurance", *Journal of Political Economy*, 107 (5).

*BvO Chapter 11.

*van Ours, Lalive and Zweimuller (2006) "How Changes in Financial Incentives Affect the Duration of Unemployment", *Review of Economic Studies*, 2006, 73 (4), 1009-1038.

4. Active Labour Market Policies

*BvO, chapter 12.

*Klepinger, D.J., Johnson, T.R. and Joesch, M. (2002) Effects of Unemployment Insurance work-search requirements: the Maryland experiment, *Industrial and Labor Relations Review*, 56:3-22.

5. Unions and Collective Bargaining

*BvO, Chapter 3.

Boeri, T. and Burda, M. (2009) "Preferences for Collective vs. Individualised Wage Setting", *Economic Journal*, Vol. 119 Issue 540, pag. 1440-1463.

Mortensen, D. and Burdett, K. (1998) "Wage Differentials, Employer Size, and Unemployment", *International Economic Review*, vol. 39, n.2.

*DiNardo, N. Fortin, T. Lemieux (1996), "Labor Market Institutions and the Distribution of Wages, 1973-1992: A Semi-parametric Approach", *Econometrica*, 64, 1001-1044.