

## **Syllabus for “Regulation and the labor market”**

**Instructors:** Jayaraman, Rajshri (ESMT); Kübler, Dorothea (WZB); Schöb, Ronnie (FU-Berlin); Spitz-Oener, Alexandra (HU-Berlin)

### **Course Objectives:**

The course is designed to train students in the use of advanced methods of theoretical and empirical analyses of labor market regulations and to introduce them to the cutting edge of labor market regulation research. The focus will be on three topics: the theory of labor market regulations, the role of public education for the development of the labor market and the analysis of the interaction between product and labor market regulation.

### **Course Outline:**

Introduction: 12.4.2012

I. Regulation of markets for education (Kübler: 19.4./26.4.2012)

II. Labor in Economic Development (Jayaraman: 3.5./10.5./24.5.2012)

III. Theory of labor market regulation (Schöb: 31.5./7.6.2012 à 3 hours)

IV. Product market regulation and the labor market (Spitz-Oener: 21.6./28.6./5.7./12.7.2012)

**Exam:** t.b.a.

### **Literature:**

#### Topic I:

Roth, A. E., and M. A. Oliveira Sotomayor (1990): *Two-Sided Matching: A Study in Game-Theoretic Modeling and Analysis*, Econometric Society Monographs No. 18. Cambridge.

Roth, A. E. (2008): "What Have We Learned from Market Design?", *The Economic Journal* 118, 285–310.

Roth, A. E. (2010): "What have we learned from market design? Update to Roth (2008)", mimeo

Sönmez, T. and M. Utku Ünver (2009): "Matching, Allocation, and Exchange of Discrete Resources. Prepared for J. Benhabib, A. Bisin, M. Jackson, (eds.): *Handbook of Social Economics*, Elsevier.

#### Topic II:

Acemoglu, Daron and Simon Johnson. (2007). "Disease and Development: The Effect of Life Expectancy on Economic Growth", *Journal of Political Economy*, 115(6), 925-985.

Baird, Sarah, Joan Hamory Hicks, Michael Kremer, and Edward Miguel. (2011). "Worms at Work: Long-run Impacts of Child Health Gains", unpublished working paper.

Banerjee, Abhijit, Sean Cole, Esther Duflo, and Leigh Linden (2007): "Remedying Education: Evidence from Two Randomized Experiments in India", *Quarterly Journal of Economics*, 122(3), 1235-64.

Basu, Kaushik (1997): "Unemployment and Surplus Labor", Chapter 10, *Analytical Development Economics*, p. 197-222.

Duflo, Esther. (2001). "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment," *American Economic Review*, 91(4), 795-813.

Jayaraman, Rajshri and Francis de Vericourt (2011): "Productivity Responses to Incentives: Evidence from Personnel Data", unpublished working paper.

Krueger, Alan and Mikael Lindahl. (2001). "Education for Growth: Why and For Whom?" *Journal of Economic Literature*, 39 (4), 1101-1136.

Strauss, John and Duncan Thomas (1998): Health, Nutrition and Economic Development, *Journal of Economic Literature*, Vol. 36, p. 766-817.

### Topic III:

- Brown, C. (1999): "Minimum Wages, Employment, and the Distribution of Income", in O. Ashenfelter and D. Card (eds.), *Handbook of Labor Economics*, Vol. 3B, Amsterdam et al.: Elsevier Science, 2101-2163.
- Cahuc, P., A. Saint-Martin and A. Zylberberg (2001): "The Consequences of the Minimum Wage When Other Wages Are Bargained Over", *European Economic Review* 45, 337-352.
- Cahuc, P. and F. Malherbet (2004): "Unemployment compensation finance and labor market rigidity", *Journal of Public Economics* 88, 481-501.
- Knabe, A. and R. Schöb (2009): "Minimum wage incidence: the case for Germany", *Finanzarchiv* 65, 403-441.
- L'Haridon, O. and F. Malherbet (2009): "Employment protection reform in search economies", *European Economic Review* 53, 255-273.
- Rocha-Akis, S. and R. Schöb (2010): "Welfare policy in the presence of unionised labour and internationally mobile firms", forthcoming in *Scandinavian Journal of Economics*.
- Tompson, W. and R. Price (2009): *The Political Economy of Reform: Lessons from Pensions, Product Markets and Labour Markets in Ten OECD Countries*, Paris: OECD.

### Topic IV:

- Angrist, J. and A. Kugler (2003): "Protective or Counter-Productive? Labour Market Institutions and the Effect of Immigration on EU Natives", *Economic Journal* 113, F302-F331.
- Bertrand, M. and F. Kramarz (2002), "Does Entry Regulation Hinder Job Creation? Evidence from the French Retail Industry", *Quarterly Journal of Economics* 117, 1369-1413.
- Bertrand, M., A. Schoar and D. Thesmar (2007): "Banking Deregulation and Industry Structure: Evidence from the French Banking Reforms of 1985", *Journal of Finance* 62, 597-628.
- Black, S. and E. Brainerd (2004): "Importing Equality? The Impact of Globalization on Gender Discrimination", *Industrial and Labor Relations Review* 57, 540-559.
- Black, S. and P. Strahan (2001): "The Division of Spoils: Rent-Sharing and Discrimination in a Regulated Industry", *American Economic Review* 91, 814-831.
- Blanchard, O. and F. Giavazzi (2003): "Macroeconomic Effects of Regulation and Deregulation in Goods and Labor Markets", *Quarterly Journal of Economics* 118, 879-907.
- Coe, D. and D. Snower (1997): "Policy complementarities: the case for fundamental labour market reform", *IMF Staff Papers* 44, 1-35.
- Ebell, M. and C. Haefke (2009): "Product market deregulation and the US employment miracle", *Review of Economic Dynamics* 12, 479-504.
- Fonseca, R., P. Lopez-Garcia and C. Pissarides (2001): "Entrepreneurship, Start-Up Costs and Employment", *European Economic Review* 45, 692-705.
- Griffith, R., R. Harrison and G. Macartney (2007): "Product Market Reforms, Labour Market Institutions and Unemployment", *Economic Journal* 117, C142-C166.
- Mortensen, D. and C. Pissarides (1999a): "Unemployment responses to skill-biased technology shocks: the role of labour market policy", *Economic Journal* 109, 242-65.
- Nickell, S. (1999): "Product Markets and Labour Markets", *Labour Economics* 6, 1-20.
- Nicoletti, G., and S. Scarpetta (2005): *Product Market Reforms and Employment in OECD Countries*, OECD Economic Department Working Paper No. 472.
- Prantl, S. and A. Spitz-Oener (2009): "How does entry regulation influence entry into self-employment and occupational mobility?" *Economics of Transition* 17, 769-802.
- Prantl, S. and A. Spitz-Oener: "The Impact of Immigration on Natives' Wages: Heterogeneity resulting from Product and Labor Market Regulation", Humboldt-Universität zu Berlin, mimeo.
- Spector, D. (2004): "Competition and the capital-labor conflict", *European Economic Review* 48, 25-38.