

# RTG1659

Interdependencies in the  
regulation of markets

## Syllabus

### “Regulation and the Labor Market” (spring term 2013)

Time and location: Thu. 10am-12pm, Spandauer Str. 1, room 23

#### 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.

Part I: Theory of Labor market imperfections (Michael Burda, HU)  
Part II: Labor in Economic Development (Rajshri Jayaraman, ESMT)  
Part III: Regulation of Markets for Education (Dorothea Kübler, WZB)  
Part IV: Theory of Labor Market Regulation (Ronnie Schöb, FU)

#### Schedule:

April 11: Introduction/Theory of Labor market imperfections: The Marshallian Paradigm and What it's Worth: Identifying Labor Market Distortions (Burda)  
April 18: Theory of Labor market imperfections: Big Players: Models of Monopoly and Monopsony in Labor Markets (Burda)  
April 25: Theory of Labor market imperfections: Models of Labor Market Search and Frictions: The basics (Burda)  
May 2: Theory of Labor market imperfections: Models of Labor Market Search and Frictions: Refinements (Burda)  
May 16 Labor in Economic Development (Jayaraman)  
May 23: Labor in Economic Development (Jayaraman)  
May 30: Labor in Economic Development (Jayaraman)  
June 6: Regulation of Markets for Education (Kübler)  
June 13: Regulation of Markets for Education (Kübler)  
June 20: Regulation of Markets for Education (Kübler)  
June 27: Theory of Labor Market Regulation (Schöb)  
July 4: Theory of Labor Market Regulation (Schöb)  
July 11: Theory of Labor Market Regulation (Schöb)

## Reading list:

### Part I (Burda)

April 11

\*Chapter 2 of Burda (2013) Labor Economics manuscript.

\*Boeri T. and J. van Ours (2008) The Economics of Imperfect Labor Markets Princeton: Princeton University Press. Chapter 2

April 18

\*Chapter 3 (esp. 3.6) and 4 (esp. 4.3) of Burda (2013) Labor Economics manuscript.

Boeri and van Ours (2008) The Economics of Imperfect Labor Markets Princeton: Princeton University Press. Chapters 2 and 3.

\*Cahuc, Pierre and André Zylberberg (2004) Labor Economics Cambridge USA: MIT Press. Chapter 5 pp. 257-265; Chapter 7.

April 25

\*Chapter 6 of Burda (2013) Labor Economics manuscript.

\*Pissarides Christopher (2000) Equilibrium Unemployment Theory MIT Press. Chapters 1 and 2

Cahuc, Pierre and André Zylberberg (2004) Labor Economics Cambridge USA: MIT Press. Chapter 3.

May 2

Acemoglu, D. (2001): "Good Jobs versus Bad Jobs", Journal of Labor Economics 19, 1-21.

\*Cahuc, Pierre and André Zylberberg (2004) Labor Economics Cambridge USA: MIT Press. Chapter 3.

Mortensen, D. and C. Pissarides (1999b): "New developments in models of search in the labour market", in O. Ashenfelter and D. Card (eds.): Handbook of Labour Economics Vol. 3C, 2589-2601, North Holland, Amsterdam.

### Part II (Jayaraman)

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.

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.

### **Part III (Kübler)**

Abdulkadiroglu, A. and T. Sönmez (2003): School Choice: A Mechanism Design Approach. *American Economic Review* 93, 729-747.

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.

### **Part IV (Schöb)**

Blanchard, O. J. and F. Giavazzi (2003): "Macroeconomic Effects of Regulation and Deregulation in Goods and Labor Markets", *Quarterly Journal of Economics* 118, 879-907.

Cahuc, P. and A. Zylberberg (2004): *Labor Economics*, MIT Press, Cambridge, MA.

Dube, A., T. W. Lester, et al. (2010). "Minimum Wage Effects Across State Borders: Estimates Using Contiguous Counties", *The Review of Economics and Statistics* 92, 945-964.

Knabe, A. and R. Schöb (2009): "Minimum wage incidence: the case for Germany", *Finanzarchiv* 65, 403–441.

Knabe, A. and R. Schöb (2012): "Subsidizing extra jobs: promoting employment by taming the unions", *Oxford Economic Papers* Advance Access, doi:10.1093/oep/gps040.

Neumark, D., J.M.I. Salas, W. Wascher (2013): *Revisiting the Minimum Wage-Employment Debate: Throwing Out the Baby with the Bathwater?*, NBER Working Paper No. 18681, January.