



ECON 898.3 (01)
TOPICS IN EMPLOYMENT THEORY AND
POLICY
T2: 2008/09

Course Details

Venue: TBA

Course Objective: This course is designed to familiarize students with the current literature on employment theory and policy, including our current knowledge about efficient policies and institutions. Moreover, we will discuss the modelling frameworks and methods currently used in research in this area.

Instructor

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Office Hours: by appointment

Course Description and Grading

During this term, you will read a number of book chapters, papers, and articles related to unemployment theory, employment policy, and institutions. We will meet once a week for about two hours to discuss the readings and address any questions that may have arisen. The focus will be on modelling strategies, the methods used in recent research papers, and the main results and their policy implications.

There are two components to your grade:

Description	Date/Deadline	Weight
Exam	TBA	20%
Paper	TBA	80%

Exam: There will be a 20-30 min oral exam at the end of the term. The exam will be a test of your understanding of the subject material and your ability to analyze and formulate solutions to specific problems.

Paper: You will write a paper on a topic related to the subject of this course. The submission deadline will be announced later.

Other requirements: Attendance is required. Moreover, you will be required to present your paper.

PRELIMINARY Course Outline and Readings

1. Introduction

Layard, R., S. Nickell, and R. Jackman, 2005, *Unemployment. Macroeconomic Performance and the Labour Market*, 2nd ed., Oxford: Oxford University Press, Chapters 1-3, pp. 1-172.

2. (Un-)Employment Theory

Blanchard, Olivier, 2006, "European unemployment: the evolution of facts and ideas," *Economic Policy*, 45, 5-47.

Pissarides, C.A., 2000, *Equilibrium Unemployment Theory*, 2nd ed., Cambridge (MA) and London: MIT Press, Chapters 1 and 2, pp. 3-63.

Mortensen, Dale T. and Christopher A. Pissarides (1994): "Job Creation and Job Destruction in the Theory of Unemployment" *The Review of Economic Studies*, Vol. 61, No. 3, pp. 397-415.

Ljungqvist, L. and T. Sargent, 2004, *Recursive Macroeconomic Theory*, 2nd ed., Cambridge (MA) and London: MIT Press, Chapters 6.6 and 6.7, pp. 159-171.

3. Unemployment Insurance in Theory

Mortensen, D., 1977, "Unemployment Insurance and Job Search Decisions," *Industrial and Labor Relations Review* 30(4), pp. 505-517.

Hopenhayn, Hugo A & Nicolini, Juan Pablo, 1997. "Optimal Unemployment Insurance," *Journal of Political Economy*, University of Chicago Press, vol. 105(2), pages 412-38, April.

Ljungqvist, L and T. Sargent, 1998, "The European Unemployment Dilemma," *Journal of Political Economy*, vol. 106(3), pages 514-550.

Acemoglu, D. and R. Shimer, 1999, "Efficient Unemployment Insurance," *Journal of Political Economy*, Vol. 107, No. 5, pp. 893-928.

Chetty, R., 2008, "Moral Hazard vs. Liquidity and Optimal Unemployment Insurance," NBER Working Papers 13967.

Ljungqvist, L. and T. Sargent, 2004, *Recursive Macroeconomic Theory*, 2nd ed., Cambridge (MA) and London: MIT Press, Chapter 21, pp. 751-772.

4. Unemployment Insurance in Practice

Holmlund, B., 1997, "Unemployment Insurance in Theory and Practice," Working Paper Series 1997:25, Uppsala University, Department of Economics.

Pallage, S. and C. Zimmermann, 2006, "On voters' attitudes towards unemployment insurance subsidies across regions: a Canadian simulation," *Journal of Population Economics*, vol. 19(2), pages 391-410.

Gruber, J., 1997, "The Consumption Smoothing Benefits of Unemployment Insurance," *American Economic Review*, vol. 87(1), pages 192-205.

5. Alternative Systems

Andersen, T. and M. Svarer, 2007, "Flexicurity – labour market performance in Denmark," Universty of Aarhus.

Feldstein, M. and D. Altman, 1998, "Unemployment Insurance Savings Accounts," NBER Working Paper No. 6860.

Academic Integrity

This course will conform to the academic requirements and standards for graduate courses, including the rules of *Student Appeals in Academic Matters* (see http://www.usask.ca/university_council/reports/12-06-99.shtml) and Academic Honesty (see <http://www.usask.ca/honesty/>).

Attachment

“Writing it Right,” also available at http://www.usask.ca/university_secretary/pdf/dishonesty_info_sheet.pdf