14.461 Advanced Macroeconomics Part II: Topics in Macroeconomic Analysis of Labor Markets

Daron Acemoglu

October 18, 2005

1 Search Theory

1.1 Review of Dynamic Programming (1/2 lecture)


1.2 The Basic Sequential Search Model (one lecture)


1.3 Paradoxes of Search (1/2 lecture)


1.4 Search and Bargaining (one lecture)


1.5 Prices, Frictions and Efficiency (one lecture)

1. * Hosios, Arthur (1989) “On the Efficiency of Matching and Related Models of Search and Unemployment,” Review of Economic Studies, 57:2, 279-98. [this is very important paper, but the exposition is not great; so the lecture will not follow the paper]

2. ** Pissarides, Christopher (2000); Equilibrium Unemployment Theory, MIT Press, chapters 1, 2 and 8


1.6 Investment and Efficiency in Models with Frictions (1/2 lecture)


1.7 Prices and Efficiency with Directed Search (one lecture)


1.8 Distribution of Prices and Wages in Search Equilibrium (two lectures)


1.9 Risk Aversion (one lecture)


2 Unemployment and Labor Market Fluctuations

2.1 Review: Basic Facts and Patterns


2.2 Search Approach to Labor Market Fluctuations (1/2 lecture)

1. ** Pissarides, Christopher (2000); Equilibrium Unemployment Theory, MIT Press, chapters 1, 2 and 8

2.3 Job Creation and Job Destruction (1/2 lecture)


2.4 Challenges to the Standard Search Model (one lecture)


3 Changes in the Structure Wages and Models of Technology

3.1 Basic Facts and Trends


3.2 Skill-Biased Technical Change (1/2 lecture)


3.3 Models of Technological Change: Review (one lecture)

• Background: material on endogenous growth from 14.451.


3.4 Models of Directed Technical Change (one lecture)


3.5 Application to Wage Inequality (1/2 lecture)


3.6 Search Models, Composition of Jobs and Inequality (1/2 lecture)

