

ECON 645: Macroeconomic Research Seminar (Search and Matching) Spring 2019

Course Information:

Class hours: Tu/Th 2:30 - 3:45 PM, Conner 210

Class webpage on Blackboard: <https://blackboard.olemiss.edu/>

Instructor: Jaevin Park (jpark21@olemiss.edu)

Office: 367 Holman Hall

Office hours: Tu/Th 1:00 – 2:30 PM and/or by appointment

TA: Joey White(jswhite@go.olemiss.edu)

Course Objectives:

The purpose of this course is to help students explore contemporary labor and monetary economics issues with search and matching theoretical models. This course requires students not only to study and practice the search and matching models, but also to write a research paper or proposal by using these theoretical frameworks. So the course consists of the lectures on the search and matching models in labor and monetary economics and also the student's presentation and discussion on their own proposal/paper or others. Students are expected to attend all class meetings and to actively participate in discussions by asking and answering questions. Announcements for assignments, exams, and attendance will be made through e-mails and/or Blackboard. Please make sure that you are responsible for reading these emails and checking Blackboard announcements on a regular basis.

Course Textbooks:

- Ed Nosal and Guillaume Rocheteau. *Money, Payments, and Liquidity*, MIT Press
- Nicolas Petrosky-Nadeau and Etienne Wasmer. *Labor, Credit, and Goods Markets*, MIT Press

Course Outline:

The list that follows contains the topics that will be covered in class. I strongly encourage students to read(or skim) the chapters and papers in preparation for classes.

1. Labor Search

(a) One-side Search/On-the-job Search

J. McCall. "Economics of Information and Job Search." *Quarterly Journal of Economics*, 1970

R. Rogerson, R. Shimer and R. Wright. "Search-theoretic Models of the Labor Market: A Survey." *Journal of Economic Literature*, 2005

Stephen Williamson. *Notes on Labor Search*

(b) Two-sides Search/Wage bargaining

D. Mortensen and C. Pissarides. "Job Creation and Job Destruction in the Theory of Unemployment." *Review of Economic Studies*, 1994.

A. Hosios. "On the Efficiency of Matching and Related Models of Search Unemployment." *Review of Economic Studies*, 1990.
Stephen Williamson. *Notes on Labor Search*

(c) Equilibrium Search/Wage posting

K. Burdett and K. Judd. "Equilibrium Price Dispersion." *Econometrica*, 1983
K. Burdett and D. Mortensen. "Wage Differentials, Employer Size and Unemployment." *International Economic Review*, 1998.

(d) Competitive (Directed) Search

E. Moen. "Competitive Search Equilibrium." *Journal of Political Economy*, 1997.
K. Burdett, S. Shi, and R. Wright. "Pricing and Matching with Frictions." *Journal of Political Economy*, 2001.
M. Galenianos and P. Kircher. "Directed search with multiple job applications." *Journal of Economic Theory*, 2009.

2. Money Search

(a) Money and Credit

N. Kiyotaki and J. Moore. "Evil Is the Root of All Money." *American Economic Review*, 2002
N. Kocherlakota. "Money is Memory." *Journal of Economic Theory*, 1998
D. Sanches and S. Williamson. "Money and credit with limited commitment and theft." *Journal of Economic Theory*, 2010.

(b) Money and Assets

A. Geromichalos, J. Licari, and J. Suarez-Lledo. "Monetary Policy and Asset Prices." *Review of Economic Dynamics*, 2007.
R. Lagos and G. Rocheteau. "Money and Capital as Competing Media of Exchange." *Journal of Economic Theory*, 2008.

(c) Price posting and Competitive Search

G. Rocheteau and R. Wright. "Money in Search Equilibrium, in Competitive Equilibrium, and in Competitive Search Equilibrium," *Econometrica*, 2005.
A. Berentsen, G. Rocheteau and S. Shi. "Friedman Meets Hosios: Efficiency in Search Models of Money," *Economic Journal*, 2007.

Course Requirements:

(Assignments) A problem set will be assigned for each chapter or topic that we have covered. Students are allowed to discuss with each other on problem sets. But you must submit your own solution for grading. If you do not submit an assignment before the deadline, you will receive a score of zero. But I will grade your assignment until my suggested solution is uploaded.

(Exam) You will be offered one midterm exam, which will be held during the class hour (tentatively, Feb. 28th). The midterm exam is mandatory and there is no make-up exam. If you miss an exam you will receive a score of zero on it. The few exceptions to this rule are if you have a documented medical excuse, or a documented family emergency. If you are unavailable

for an exam due to official Ole Miss business (such as a game, etc.), you need to contact me at least a week before and to provide any documentation that missing the exam is necessary in the greater interests of the University community.

(Paper/Proposal) Students are required to write a short research paper(or proposal) based on the search and matching framework we learn. You need to find a specific question that you are interested. The question may constitute 1) original research, 2) an extension of existing work, or 3) a critique of existing work. If the question is theoretical in nature, you can think about an extension of existing model or a set up for practice problem, which is suitable for addressing that question and then solve your model and interpret the results. If it is empirical in nature, you can present some statistics or data analysis such as simple regressions for your hypotheses and propose your theoretical model with empirical methods to estimate. Finally, you need to outline the limitations of your model and provide suggestions for future research shortly. Students need to present their proposal during the class hour(tentatively, Mar. 28th) and then submit the paper by May 3rd.

(Grades) will be determined by Assignments(20%), One Exam(30%), and Paper/Proposal(50%). Percentages are tentative.

Academic Integrity: Assignments will be done by your own effort or by participating actively in the group study to solve problems. Similarly, exams will be taken without any assistance of another student or any materials such as notes, textbook, and cell phones, etc. Evidence to the contrary will result, initially, in a failing grade on the assignment or the exam, and immediate academic disciplinary action. If you ever feel that these standards of academic integrity are not being met, please notify me or an undergraduate advisor immediately.

Disabilities: Students with disabilities who may need disability-related classroom or exam accommodations for this course are encouraged to set up an appointment to meet with me as soon as possible to better insure that accommodations are provided in a timely manner.

Students are expected to attend all the classes. Regular attendance is strongly encouraged, but I do not monitor attendance formally. Students who miss a class are responsible for knowing the material covered in that class. For more information about the university attendance policy see *Class Attendance Guidelines* (ACA.AR.200.004).

University policy: To abide by federal guidelines, instructors are required to enter attendance verifications for each of their courses by the end of the second week of regular semester. Students whose attendance is not verified will be dropped from the class.