

Labor market, inequalities and macroeconomics

**ECTS** : 3

**Description du contenu de l'enseignement :**

Understanding the behavior of the labor market is key to understanding macroeconomics. Behind well-known aggregates such as unemployment, employment rate, and concepts like inequality lie complex interactions among workers, firms, and policymakers. The aim of this course is to provide students with the necessary tools to understand these mechanisms.

The course is organized as follows. First, it addresses key stylized facts and current challenges facing the labor market. Then, it explains how macroeconomic labor market models are built and how they help disentangle labor market mechanisms. Finally, the course emphasizes how extended models can account for heterogeneity.

**Compétence à acquérir :**

The aim of this course is to provide students with the necessary theoretical and computational tools to replicate the main stylized facts of the labor market. By the end of the course, students will be able to use and simulate models, and compare their predictions with empirical data. They will also be able to assess the effects of labor market policies.

**Mode de contrôle des connaissances :**

Attendance, active participation, and presentation of a research paper in front of the class.

**Bibliographie, lectures recommandées :**

**Heterogeneous agents**

- Auclert, A., Bardóczy, B., Rognlie, M., & Straub, L. (2021). Using the sequence-space Jacobian to solve and estimate heterogeneous-agent models. *Econometrica*, 89(5), 2375-2408.
- Carroll, C. D. (2006). The method of endogenous gridpoints for solving dynamic stochastic optimization problems. *Economics letters*, 91(3), 312-320.
- Kaplan, G., Moll, B., & Violante, G. L. (2018). Monetary policy according to HANK. *American Economic Review*, 108(3), 697-743.
- Krusell, P., & Smith, Jr, A. A. (1998). Income and wealth heterogeneity in the macroeconomy. *Journal of political Economy*, 106(5), 867-896.

**Labor market flows**

- Cahuc, Pierre, Stéphane Carcillo, and André Zylberberg. *Labor economics*. MIT press, 2014.
- Elsby, Michael W. L., Ryan Michaels, and Gary Solon. "The ins and outs of cyclical unemployment." *American Economic Journal: Macroeconomics* 1.1 (2009): 84-110.
- Elsby, Michael WL, Bart Hobijn, and Ayşegül Şahin. "Unemployment Dynamics in the OECD." *Review of Economics and Statistics* 95.2 (2013): 530-548.
- Elsby, Michael WL, Bart Hobijn, and Ayşegül Şahin. "On the importance of the participation margin for labor market fluctuations." *Journal of Monetary Economics* 72 (2015): 64-82.
- Shimer, Robert. "Reassessing the ins and outs of unemployment." *Review of Economic Dynamics* 15.2 (2012): 127-148.

**Labor search and matching**

- Cahuc, Pierre, Stéphane Carcillo, and André Zylberberg. *Labor economics*. MIT press, 2014.
- Mortensen, Dale and Christopher Pissarides (1994). "Job Creation and Job Destruction in the Theory of Unemployment" *Review of Economic Studies* Vol 61, pp 397-416.
- Pissarides, Christopher A. *Equilibrium unemployment theory*. MIT press, 2000.
- Rogerson, Richard, Robert Shimer, and Randall Wright. "Search-theoretic models of the labor market: A survey." *Journal of economic literature* 43.4 (2005): 959-988.
- Shimer, Robert. "The cyclical behavior of equilibrium unemployment and vacancies." *American economic review* 95.1 (2005): 25-49.

**Document susceptible de mise à jour - 02/04/2026**

**Université Paris Dauphine - PSL** - Place du Maréchal de Lattre de Tassigny - 75775 PARIS Cedex 16