

GRADUATE – Disciplines Menu
Doctorate and Masters in Economics

DISCIPLINE: Search Theory	CODE: MDPT
ACRONYM: TP	
PROFESSOR: Lucas Jover Maestri	WORKLOAD: 40h CREDITS: 4
MANDATORY: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	COURSE: <input type="checkbox"/> M <input type="checkbox"/> D <input checked="" type="checkbox"/> MD
PREREQUISITES:	
CONCENTRATION AREA: ECONOMIC THEORY	
<p>STUDY PLAN Search Theory Course</p> <p>The first part of the course is devoted to the fundamentals of the search theory. The course begins with McCall’s classic search model. It addresses Diamond’s paradox and advances in indirect search models by introducing bargaining, simultaneous search, employee search, and dynamic contract search. Subsequently, the course addresses the fundamentals of direct search and models that study its efficiency. The course analyzes direct search for many jobs, the effect of risk aversion on direct search models, “assortative matching” and direct search for dynamic contracts. Finally, we study direct search in environments with adverse selection.</p> <p>In the second part of the course, the teacher and the students will discuss recent articles related to the search theory.</p> <p>Assessment: The course grade will be the arithmetic mean of a test and participation in class, which includes the presentation of one or two articles in the second part of the course.</p> <p>Topics</p> <ol style="list-style-type: none"> 1) McCall’s classic model. 2) Diamond’s Paradox. 3) Search and bargaining. 4) Search while on the job. 5) Search for dynamic contracts. 6) Fundamentals and direct search efficiency. 7) Simultaneous direct search. 8) Direct search for dynamic contracts. 9) Direct search and “assortative matching”. 10) Direct search and adverse selection 	
GOALS	

BIBLIOGRAPHY

References: Basic Bibliography

- 1) Acemoglu, Daron, and Robert Shimer. 1999. "Efficient Unemployment Insurance." *Journal of Political Economy*, 107(5): 893–928
- 2) Burdett, Kenneth, and Melvyn G. Coles. 2003. "Equilibrium Wage–Tenure Contracts." *Econometrica*, 71(5): 1377–1404.
- 3) Burdett, Kenneth, and Dale T. Mortensen. 1998. "Wage Differentials, Employer Size, and Unemployment." *International Economic Review*, 39(2): 257–73.
- 4) Burdett, Kenneth, Shouyong Shi, and Randall Wright. 2001. "Pricing and Matching with Frictions." *Journal of Political Economy*, 109(5): 1060–85.
- 5) Burdett, Kenneth and Kenneth Judd 1983. "Equilibrium Price Dispersion". *Econometrica*, 51, 955-969.
- 6) Diamond, Peter A. 1971. "A Model of Price Adjustment." *Journal of Economic Theory*, 3(2): 156–68.
- 7) Eeckhout J. and Philipp Kircher 2010. "Sorting and Decentralized Price Competition." *Econometrica*, 78, 539-578.
- 8) Galenianos, M. and Philippe Kircher (2009): "Directed Search for Multiple Applications." *Journal of Economic Theory*, 45.
- 9) Kircher, Philipp, 2009. "Efficiency of Simultaneous Search". *Journal of Political Economy*, 117.
- 10) McCall, John J. 1970. "Economics of Information and Job Search." *Quarterly Journal of Economics*, 84(1): 113–26.
- 11) Pissarides, Christopher A. 2000. *Equilibrium Unemployment Theory*. Cambridge: MIT Press.
- 12) Shi, Shouyong (2009) "Directed Search for Equilibrium Wage-Tenure Contracts," *Econometrica*.
- 13) Shimer, Robert (2005). "The Assignment of Workers to Jobs in an Economy with Coordination Frictions." *Journal of Political Economy*, 113.
- 14) Guerrieri, V. Shimer, R. and Randall Wright (2010). "Adverse Selection in Competitive Search Equilibrium," *Econometrica*, 78 (6), 1823-1862

Suggestion of articles for presentation

- 1) Guerrieri, Veronica and Robert Shimer (2014): "Dynamic Adverse Selection: A Theory of Illiquidity, Fire Sales, and Flight to Quality," *American Economic Review*, 104 (7), 1875-1908.
- 2) Eeckhout, Jan and Philipp Kircher (2016). "Assortative Matching with Large Firms". Working Paper.
- 3) Kaas, Leo and Philipp Kircher (2015). "Efficient Firm Dynamics in a Frictional Labor Market. *American Economic Review*, 105, 3030-3060.
- 4) Menzio, Guido and Shouyong Shi (2011). "Efficient Search on the Job and the Business Cycle," *Journal of Political Economy* 119 (2011), 468-510.
- 5) Menzio, Guido and Shouyong Shi (2011). "Directed Search on the Job, Heterogeneity and Aggregate Fluctuations," *American Economic Review*, 2010, 100 (2), 327-332.
- 6) Gonzales, Francisco and Shouyong Shi (2010). "An Equilibrium Theory of Learning, Search and Wages," *Econometrica* 78 (2010), 509-537.
- 7) Kim, W. and Philipp Kircher (2015). "Efficient Competition through Cheap Talk: The Case of Competing Auctions", *Econometrica*, 2015 83(5), 1849-75.
- 8) Golosov, M. Maziero, P. and Guido Menzio (2013). "Taxation and Redistribution of Residual Income Inequality", *Journal of Political Economy*, 121(6), 1160-1204.

GRADUATE – Disciplines Menu
Doctorate and Masters in Economics

- 9) Lester, Ben, with Ali Shourideh, Venky Venkateswaran, and Ariel Zetlin-Jones, “Screening and Adverse Selection in Frictional Markets”, working paper.
- 10) Auster, Sarah and Piero Gottardi (2017). “*Competing Mechanisms in Markets for Lemons*” working paper.
- 11) Melvyn G. Coles and D. Mortensen (2016). “Equilibrium Labor Turnover, Firm Growth and Unemployment.” *Econometrica*, 347-363.
- 12) Moscarini, G. and Fabien Postel-Vinay (2013). “Stochastic Search Equilibrium”. *Review Economic Studies*, 80, 1545-1581.