Mini Course Description
Department of Economics, Tel Aviv University
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The Formulation and Estimation of Equilibrium Models of Household and Labor Market Behavior

In these four lectures we will cover stationary models of labor market behavior set in continuous time, and will consider how model parameters can be consistently estimated using standard secondary data sources. Given the availability of consistent estimates of policy-invariant parameters, we will consider how such models can be used to determine the impact of changes in labor market institutions, such as minimum wages, the Earned Income Tax Credit, etc.

We will also contend that most “structural” and “nonstructural” approaches to policy-relevant empirical analysis are incomplete in their scope due to their neglect of the household. We will also consider the specification and estimation of models of intrahousehold decision-making, including (noncooperative) Nash equilibrium, efficient decision-making using the device of Pareto weights, and models that endogenize the choice of type of household equilibrium.

The last part of the course presents some material that tries to link the first two parts, by examining a non-equilibrium model of labor market search in a household context. We also present some preliminary ideas for future research in this area.

Partial list of readings:

**Labor Market Dynamics**


Postel-Vinay and Robin, 2002, “Wage Dispersion with Worker and Employer Heterogeneity,” *Econometrica*


**Household Economics**


