Syllabus: EUI topic course on “Competitive Search and Assortative Matching”, 2017

Professor Philipp Kircher

Overview: This course will discuss the basics of matching between heterogeneous agents, both without and with search frictions. It will first review existing and new insights in competitive markets. Then it will introduce directed search with homogeneous agents as a way of introducing search frictions. This will be extended to heterogeneous agents to see the effects of search on heterogeneous agents. Finally, topics of skill mismatch will be discussed in settings of random search. It will span themes from both micro and macroeconomics, and touch on some empirical insights including identification in matching models.

The course will be assessed based on the performance in the following assignment: Participants are asked to write an extension of the work they have seen. Ideally this comprises of a new or extended model, based on those they have seen in class. Less recommended but also permissible is a sketch of a new application of the models presented. The key is to lay out why this is interesting. It is also important to state clearly what insights the individual is aiming for, and why he/she thinks that those are likely to be true.

Lecture Times:
Thu 27/04/2017 09:00 - 10:30
Thu 04/05/2017 09:00 - 10:30
Fri 05/05/2017 11:15 - 12:45
Wed 10/05/2017 11:00 - 12:30
Thu 11/05/2017 11:00 - 12:30
Mon 15/05/2017 11:00 - 12:30
Thu 18/05/2017 11:00 - 12:30

Course content:

1) Two-sided frictionless matching (estimated time: one lecture)
   a. Theory
   b. Application to CEO compensation and wage dispersion

2) Frictionless matching with large firms (est time: one lecture)
   a. Theory
   b. Application to “Quantity-Biased Technological Change”

3) Directed Search
   a. Basics including efficiency (est time: 2 lectures)
b. Sorting with “small” firms (est time: ½ lecture)
c. Sorting with “large” firms (est: time ½ lecture)

4) Skill Mismatch
   a. Basics of heterogeneity in random search (est time: 1 lecture)
   b. New developments (est time: 1 lecture)

Reading List (to be adapted/extended during the course):

Topic 1:


Topic 2:
Eeckhout, Jan and Philipp Kircher, 2016, “Assortative Matching with Large Firms”, mimeo.

Topic 3:


Topic 4:

