

Evidence-Based Economic Policy

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Masterclass DIW

October 2014

The objective of this class is to discuss key questions regarding the economics of two large social insurance programs. The first part of the lecture discusses unemployment insurance. We will look at recent evidence of how unemployment insurance affects the behavior of job seekers and the resulting implications for public policy. The second part of the lecture focuses on parental leave – an insurance that provides time for care to parents of newborn children without compromising their later labor market chances. Participants will develop an understanding of what questions can be answered using reduced-form approaches as opposed to more structural approaches.

Session 1 will cover the following articles:

Raj Chetty, 2008. "Moral Hazard versus Liquidity and Optimal Unemployment Insurance," *Journal of Political Economy*, University of Chicago Press, vol. 116(2), pages 173-234, 04.

Lalive, Rafael & Zweimüller, Josef, 2004. "Benefit entitlement and unemployment duration: The role of policy endogeneity," *Journal of Public Economics*, Elsevier, vol. 88(12), pages 2587-2616, December.

Rafael Lalive & Jan Van Ours & Josef Zweimüller, 2006. "How Changes in Financial Incentives Affect the Duration of Unemployment," *Review of Economic Studies*, Oxford University Press, vol. 73(4), pages 1009-1038.

Lalive, Rafael & Landais, Camille & Zweimüller, Josef, 2013. "Market Externalities of Large Unemployment Insurance Extension Programs," IZA Discussion Papers 7650, Institute for the Study of Labor (IZA).

Session 2 will cover the following articles:

Rafael Lalive & Josef Zweimüller, 2009. "How does Parental Leave Affect Fertility and Return to Work? Evidence from Two Natural Experiments," *The Quarterly Journal of Economics*, MIT Press, vol. 124(3), pages 1363-1402, August.

Lalive, Rafael & Schlosser, Analia & Steinhauer, Andreas & Zweimüller, Josef, 2014. "Parental Leave and Mothers' Careers: The Relative Importance of Job Protection and Cash Benefits," *Review of Economic Studies*, forthcoming

Christopher J. Ruhm, 1998. "The Economic Consequences Of Parental Leave Mandates: Lessons From Europe," *The Quarterly Journal of Economics*, MIT Press, vol. 113(1), pages 285-317, February.