

University of California- Santa Barbara
Economics 250A: Graduate Labor Economics 1
Syllabus

This course provides an introduction to the basic research questions in labor economics at the graduate level. Meetings consist of a combination of lectures and student presentations. Almost all the readings are available in major journals, most of which are available at http://ucelinks.cdlib.org:8888/sfx_ucsb/a-z/default. NBER working papers are available at www.nber.org. To access both of these electronic resources you will need to be on campus, or to configure your home computer to use the library's proxy server (for instructions see <http://www.library.ucsb.edu/proxy/faq.html>). Please contact me if you have trouble finding any reading.

EVALUATION in the course will have three components:

1. Reports and Presentations on Individual Journal Articles (30%). During the quarter you will be asked to present a number of journal articles to the class. **One week** after your presentation, your written report based on the article is due in my office. Your article report (and your class presentation) should contain:

- a *concise* statement of the author's main goals in writing the paper
- a *brief* summary of how the author goes about achieving those goals (methods, data, etc.)
- a list of *critiques, praise, or questions* you have regarding the adequacy of the methodology
- the *bottom line*: are you convinced that the author has achieved his/her goals? Why or why not?

In sum, article reports are like the referee reports you will write one day for journal editors to assess the publishability of your colleagues' research. I will distribute some sample referee reports I have written (anonymized to protect the authors' identities) to give you an idea of what these look like. Please note: referee reports are typically one to three pages single-spaced but that does not mean they are not the result of a great deal of thought. I will accept slightly longer reports from you: up to **eight pages, double-spaced** but no more please. **Please double-space** them so I can write comments/editing suggestions on them more easily.

For the term, you will owe me three article reports, each of which contributes 10 points toward your final grade in the course. This is divided equally between the quality/clarity of your in-class presentation, and the quality of the written report (which includes style/grammar as well as substance). If for some reason (class size or scheduling) you do fewer than three in-class presentations, you may select any article from the reading list and do a report on it. These reports are due in my office one week after the last day of class, **i.e. by noon, Thursday March 20**. In that case your entire mark will be based on the quality of the written report. If you do more than three in-class presentations, your best three article reports will determine your grade.

2. Survey paper and class leadership (40%). Starting about halfway through the quarter, each student will take charge of the class's discussion of an entire research topic. Preparing for this will involve reading a number of papers on that topic, choosing a subset of papers that the whole class will be asked to read in preparation for class, presenting your own summary of the literature, and co-ordinating class discussion. At the end of the quarter (again, by **noon, Thursday March 20**) you will turn in a critical literature review paper covering this entire research topic. It will include not only a synthetic discussion of what is currently known about this topic, but a discussion of how the state of knowledge could be advanced by research in the future. At the bottom of this reading list I list several suggested topics that would work well for such a paper (I am happy to entertain others if you approach me about them). In most cases it should be quite clear which section of the reading list is involved; we will schedule precise dates for each student's class leadership later in the quarter. Because this is a big job, I recommend that you choose a topic and start reading the papers associated with that topic **as early as possible in the quarter**.

3. Take Home Final (30%). During the quarter a number of simple theoretical models will be presented. Experience shows that students don't really understand these models unless they actually work with them on their own. Thus, to help you understand the models I will periodically distribute practice problems. These will not be handed in or graded, but I will post answers to them and you should compare your answers to mine carefully. In our last class (on **Thursday, March 13**) I will distribute a take-home final containing questions very similar to the practice problems. You will have until **noon on Monday March 17**) to work out and write up the answers to these problems. During this period you are free to consult any sources you wish, and to consult with your fellow students. However each student must write up and hand in his/her own version of their answers and will be graded individually.

TOPICS AND READINGS are summarized below. I do not expect you to read every one of these articles. Instead I will indicate which articles will be covered in class (including those to be presented by students) a week or so ahead of time; it is important that *all* students read these ahead of time. The remaining articles are provided as an introduction to a vast literature we can't possibly cover completely, and to assist you in future research including your thesis. Finally, students who have not taken any undergraduate labor economics will benefit, from time to time, from a peek at the relevant sections of any undergraduate labor economics textbook. For your convenience, I indicate the relevant sections of Borjas, G., *Labor Economics*, 4th edition (Boston: McGraw-Hill Irwin), 2008 in what follows.

A. STATIC LABOR SUPPLY

for undergrad-level background, see Borjas, chapter 2.

1. Models and Evidence

Ashenfelter, O. and J. Heckman, "The Estimation of Income and Substitution Effects in a Model of Family Labor Supply," *Econometrica*, January 1974.

Heckman, James., "Shadow Prices, Market Wages, and Labor Supply," *Econometrica*, July 1974.

Battalio, R., L. Green and H. Kagel, "Income-Leisure Tradeoffs of Animal Workers" *American Economic Review* 71 (4) (September 1981): 621-632.

Borjas, G. "The Relationship between Wages and Weekly Hours of Work: The Role of Division Bias". *Journal of Human Resources* 15(3) (1980): 409-423.

Imbens, G., D. Rubin, and B. Sacerdote, "Estimating the Effect of Unearned Income on Labor Earnings, Savings and Consumption: Evidence from a Survey of Lottery Players" *American Economic Review* 91(4)(September 2001): 778-794.

Blundell, R., P.-A. Chiappori, and C. Meghir, "Collective Labor Supply with Children". *Journal of Political Economy*, 2005, vol. 113, no. 6

Brown, J., C. Coile, and S. Weisbenner. "The Effect of Inheritance Receipt on Retirement" NBER working paper no. 12386, July 2006.

Kimmel, Jean and Rachel Connelly. "Mothers' Time Choices" *Journal of Human Resources*, Summer 2007, Vol. 42 Issue 3, p643-681

Lazear, E. "Performance Pay and Productivity" *American Economic Review* 90(5) (December 2000): 1346-1361.

Mas, A. "Pay, Reference Points, and Police Performance". *Quarterly Journal of Economics* 121(3) (August 2006): 783-821.

Mas, A. and E. Moretti. "Peers at Work" NBER Working paper no. 12508, September 2006.

Gneezy, U. and A. Rustichini, "Pay Enough or Don't Pay at All". *Quarterly Journal of Economics* 115(3) (August 2000): 791-810.

Charness, G. and P. Kuhn. "Pay Inequality, Pay Secrecy, and Effort: Theory and Evidence" NBER working paper no. 11786 (November 2005).

Falk, A. and A. Ichino. "Clean Evidence on Peer Effects" *Journal of Labor Economics* 24(1) (January 2006): 39-57

2. Trends in Work Hours and Labor Force Participation

Juhn, C. "The Decline of Male Labor Force Participation: the role of declining market opportunities", *Quarterly Journal of Economics*, Feb. 1992.

Juhn, C. and K. Murphy, "Wage Inequality and Family Labor Supply", *Journal of Labor Economics* 15(1), Part 1 January 1997, pages 72-97.

Bell, L. and R. Freeman "The Incentive for Working Hard: Explaining Hours Worked Differences in the U.S. and Germany" *Labour Economics* 8(2) (May 2001): 181-202.

Autor, D. and M. Duggan. "The Rise in the Disability Rolls and the Decline in Unemployment". *Quarterly Journal of Economics* 118(1) (Feb. 2003): 157-206.

Alesina, A., E. Glaeser, and B. Sacerdote. "Work and Leisure in the U.S. and Europe: Why so Different?". NBER working paper no. 11278, April 2005.

Greenwood, J. and G. Vandenbroucke. "Hours Worked: Long-Run Trends". NBER working paper no. 11629, September 2005.

Kuhn, P. and F. Lozano. "The Expanding Workweek? Understanding Trends in Long Work Hours Among U.S. Men, 1979-2006." Available on my web site.

Goldin, C. and L. Katz. "The Power of the Pill: Oral Contraceptives and Women's Career and Marriage Decisions". *Journal of Political Economy* 110(4) (August 2002): 730-770.

Bailey, Martha J. "More Power to the Pill: The Impact of Contraceptive Freedom on Women's Life Cycle Labor Supply" *The Quarterly Journal of Economics*, Volume 121, Number 1, February 2006, pp. 289-320(32)

Aguiar, Mark and Erik Hurst. "Measuring Trends in Leisure: The Allocation of Time Over Five Decades" *Quarterly Journal of Economics*, 122(3) (August 2007): 969-1006.

Ramey, V. and N. Francis. "A Century of Work and Leisure" NBER working paper no. 12264, May 2006.

Juhn, C. and S. Potter. "Changes in Labor Force Participation in the United States" *Journal of Economic Perspectives* 20(3) (Summer 2006): 27-46

Goldin, C. "The Quiet Revolution that Transformed Women's Employment, Education and Family". NBER working paper no. 11953, January 2006.

Blau, Francine D. Lawrence M. Kahn. "Changes in the labor supply behavior of married women: 1980-2000. *Journal of Labor Economics* 25.3 (July 2007): p393(36).

Heim, Bradley T. "The Incredible Shrinking Elasticities" *Journal of Human Resources*, Fall 2007, Vol. 42 Issue 4, p881-918

Bloom, David E., David Canning, Gunther Fink and Jocelyn E. Finlay. "Fertility, Female Labor Force Participation, and the Demographic Dividend" NBER working paper no 13583, Nov. 2007.

3. Incentive Effects of Taxes and Income Support Programs

a. Overviews

Krueger, A. and B. Meyer "Labor Supply Effects of Social Insurance" chapter 33 in A. Auerbach and M. Feldstein, eds. *Handbook of Public Economics* vol. 4 2002

Moffitt, R. "Welfare Programs and Labor Supply" chapter 34 in A. Auerbach and M. Feldstein, eds. *Handbook of Public Economics* vol. 4 2002

b. Examples

Eissa, N. and J. Liebman, "Labor Supply Response to the Earned Income Tax Credit". *Quarterly Journal of Economics* 111 (May 1996): 605-637.

Friedberg, L. "The Labor Supply Effects of the Social Security Earnings Test". *Review of Economics and Statistics*, February 2000; 82(1): 48-63

Meyer, B. and D. Rosenbaum, "Welfare, the Earned Income Tax Credit, and the Labor Supply of Single Mothers". *Quarterly Journal of Economics* 116(3):1063-1114 (August 2001).

Grogger, J. and C. Michalopoulos "Welfare Dynamics under Time Limits". *Journal of Political Economy* 111(3) (June 2003): 530-554.

Eissa, N. and H. Hoynes. "Behavioral Responses to Taxes: Lessons from the EITC and Labor Supply". NBER Working paper no. 11729, 2006.

Kuhn, P. and C. Riddell. "The Long-Term Effects of Income Support: Unemployment Insurance in New Brunswick and Maine, 1940-1991" NBER working paper no. 11932, January 2006.

Bitler, M., J. Gelbach and H. Hoynes. "What Mean Impacts Miss: Effects of Welfare Reform Experiments" *American Economic Review* 96(4) (Sept 2006): 988-1012.

Ohanian, L., A. Raffo and R. Rogerson. "Long-Term Changes in Labor Supply and Taxes: Evidence from OECD Countries", NBER Working paper no. 12786, December 2006.

Ardington, Cally, Anne Case and Victoria Hosegood. "Labor Supply Responses to Large Social Transfers: Longitudinal Evidence from South Africa" NBER working paper no. w13442, Sept 2007

B. DYNAMIC LABOR SUPPLY

for undergrad-level background, see Borjas, pages 70-78.

1. Basic Models and Evidence

Heckman, J. and T. E. MaCurdy, "A Life Cycle Model of Female Labor Supply," *Review of Economic Studies*, January 1980, 47-74.

Altonji, J., "Intertemporal Substitution in Labor Supply: Evidence from Micro Data," *Journal of Political Economy*, June 1986.

Card, D., "Intertemporal Labor Supply: An Assessment," NBER Working Paper No. 3602, January 1991.

Mulligan, C. "Substitution Over Time: Another Look at Life Cycle Labor Supply" NBER Working Paper No. W6585, May 1998

Camerer, Colin, Linda Babcock, George Loewenstein, and Richard Thaler. 1997. "Labor Supply of New York City Cabdrivers: One Day at a Time." *Quarterly Journal of Economics* 112 (May): 407-41.

Henry S. Farber "Is Tomorrow Another Day? The Labor Supply of New York City Cabdrivers" *Journal of Political Economy* Volume 113, Number 1, February 2005

Card, David, Raj Chetty and Andrea Weber. "Cash-on-Hand and Competing Models of Intertemporal Behavior: New Evidence from the Labor Market" *Quarterly Journal of Economics* 122(4) (Nov 2007): 1511-1560.

Fehr, Ernst and Lorenz Goette. "Do Workers Work More if Wages are High? Evidence from a Randomized Field Experiment" *American Economic Review* 97(1) (March 2007): 298-317.

Connolly, Marie. "Here Comes the Rain Again: Weather and the Intertemporal Substitution of Leisure" *Journal of Labor Economics*, Jan 2008, Vol. 26 Issue 1

C. STATIC LABOR DEMAND

1. Theory and Background

for undergrad-level background, see Borjas, chapter 4.

Hamermesh, D. *Labor Demand*, Princeton, N.J.: Princeton University Press, 1993 (chapters 2-5).

Varian, H. *Microeconomic Analysis* (third edition), New York: Norton, 1992. Chapters 1-6.

2. Effects of Minimum Wages

a. Overview

Kennan, J. "The Elusive Effects of Minimum Wages" *Journal of Economic Literature*. December 1995; 33(4): 1950-65

Neumark, D. and W. Wascher. "Minimum Wages and Employment: A Review of Evidence from the New Minimum Wage Research". NBER working paper no. 12663, November 2006.

b. Examples

Card, D. and A. Krueger, "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania", *American Economic Review* 84 (Sept. 1994): 772-793.

Neumark, D. and W. Wascher, "The Effects of Minimum Wages on Teenage Employment and Enrollment: Evidence from Matched CPS Surveys", in Polachek, Solomon W., ed. *Research in labor economics*. Volume 15. Greenwich, Conn. and London: JAI Press, 1996, pages 25-63. (Also available as NBER working paper no 5092, April 1995).

Abowd, J. , F. Kramarz, and D. Margolis, "Minimum Wages and Employment in France and the United States" NBER Working Paper No. 6996, March 1999.

Adams, S. and D. Neumark. "Living Wage Laws" New and Improved Evidence". NBER working paper no. 9702, May 2003.

3. Effects of Overtime Laws

Hamermesh, D. and S. Trejo, "The Demand for Hours of Labor: Direct Evidence from California" *Review of Economics and Statistics*. February 2000; 82(1): 38-47

Hunt, J. "Has Work-Sharing Worked in Germany?" *Quarterly Journal of Economics* 114 (February 1999): 117-148.

Crepon, B. and F. Kramarz. "Employed 40 Hours or Not Employed 39? Lessons from the 1982 Mandatory Reduction of the Workweek". *Journal of Political Economy* 110(6) (December 2002): 1355-1389.

Skuterud, Mikal. "Identifying the potential of work-sharing as a job-creation strategy" *Journal of Labor Economics* 25.2 (April 2007): p265(23).

4. Effects of Unions

Freeman, R. B. and J. Medoff, *What Do Unions Do?* New York: Basic Books, 1984.

Freeman, Richard B. "What Do Unions Do?: The 2004 M-Brane Stringtwister Edition" NBER working paper no. 11410 (June 2005).

Kuhn, P. "Unions and the economy: what we know, what we should know", *Canadian Journal of Economics* 31 (November 1998): 1033-1056.

Boal, W. and J. Pencavel, "The Effects of Labor Unions on Employment, Wages, and Days of Operation: Coal Mining in West Virginia" *Quarterly Journal of Economics* 109 (Feb. 1994): 267-298.

Holmes, T. "The Effect of State Policies on the Location of Manufacturing: Evidence from State Borders" *Journal of Political Economy* August 1998; 106(4): 667-705

DiNardo, J. and D. Lee. "Economic Impacts of New Unionization on Private Sector Employers: 1984-2001". *Quarterly Journal of Economics* 119 (Nov. 2004): 1383-1442.

5. Alternative Forms of Organization

Miyazaki, H. "On the Success and Dissolution of the Labor-Managed Firm in the Capitalist Economy", *Journal of Political Economy*, Oct. 1984.

Pencavel, John and Ben Craig, "The Empirical Performance of Orthodox Models of the Firm: Conventional Firms and Worker Cooperatives", *Journal of Political Economy* 102 (August 1994): 718-744.

D. DYNAMIC LABOR DEMAND

1. Background and Theory

for undergrad-level background, see Borjas, pages 147-154

Hamermesh, D. *Labor Demand* Princeton, N.J.: Princeton University Press, 1993. Chapters 6-8.

Nickell, S. J., "Dynamic Models of Labor Demand," *Handbook of Labor Economics*, (1986), Ch.9.

Harris, M. and B. Holmstrom. "A Theory of Wage Dynamics" *Review of Economic Studies*. July 1982; 49(3): 315-33

Rosen, Sherwin. "Implicit Contracts: A Survey" *Journal of Economic Literature* September 1985; 23(3): 1144-75

Rogerson, Richard. "Indivisible Labor, Lotteries and Equilibrium", *Journal of Monetary Economics* 21(1) (January 1988): 3-16.

Malcomson, J. "Individual Employment Contracts" in *Handbook of Labor Economics*, chapter 35 (1999).

Bertola, G. "Labor Turnover Costs and Average Labor Demand", *Journal of Labor Economics*, Oct. 1992.

2. Evidence

Beaudry, P. and J. DiNardo. "The Effect of Implicit Contracts on the Movement of Wages over the Business Cycle: Evidence from Micro Data" *Journal of Political Economy* August 1991; 99(4): 665-88

Beaudry, P. and J. DiNardo. "Is the Behavior of Hours Worked Consistent with Implicit Contract Theory?" *Quarterly Journal of Economics* August 1995; 110(3): 743-68

- Carrington, W. J., K. McCue and B. Pierce, "The Role of Employer-Employee Interactions in Labor Market Cycles: Evidence from the Self-Employed" *Journal of Labor Economics* 14(4) (October 1996): 571-602
- Guiso, L., L. Pistaferri, and F. Schivardi. "Insurance within the Firm" *Journal of Political Economy* 2005, vol. 113, no. 5.
- Devereux, P. "Do Employers Provide Insurance against Low Frequency Shocks? Industry Employment and Industry Wages" *Journal of Labor Economics*, 2005, vol. 23, no. 2.
- Varejao, Jose and Pedro Portugal "Employment dynamics and the structure of labor adjustment costs" *Journal of Labor Economics* 25.1 (Jan 2007): p137(29).

3. Applications: Temporary Layoffs, Employment Protection and Temporary Workers

- Feldstein, M. "Temporary Layoffs in the Theory of Unemployment", *Journal of Political Economy* 84 (1976): 937-957.
- Burdett, K. and R. Wright, "Unemployment Insurance and Short-Time Compensation: The Effects on Layoffs, Hours per Worker, and Wages", *Journal of Political Economy* 97 (December 1989): 1479-96.
- Anderson, P. "Linear Adjustment Costs and Seasonal Labor Demand: Evidence from Retail Trade Firms", *Quarterly Journal of Economics* 108 (November 1993): 1015-1042.
- Acemoglu, D. and J. D. Angrist "Consequences of Employment Protection? The Case of the Americans with Disabilities Act". *Journal of Political Economy* 109 (5) (October 2001): 915-957.
- Autor, D., J. Donohue III, and S. Schwab "The Costs of Wrongful-Discharge Laws". NBER working paper no. 9425, January 2003.
- Autor, David H. "Outsourcing at Will: Unjust Dismissal Doctrine and the Growth of Temporary Help Employment". *Journal of Labor Economics* 21(1) (January 2003): 1-42.

E. SUPPLY MEETS DEMAND: EQUILIBRIUM WAGES AND EMPLOYMENT

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- Borjas, pp. 171-181.
- Summers, L.H. "Some Simple Economics of Mandated Benefits", *American Economic Review* 79 (May 1989): 177-183.
- Gruber, J. "The Incidence of Payroll Taxation: Evidence from Chile", *Journal of Labor Economics*; 15(3), Part 2 July 1997, pages S72-101.
- Lang, K. "The Effect of the Payroll Tax on Earnings: A Test of Competing Models of Wage Determination". NBER working paper no. 9537, March 2003.

2. Some basic facts about wage trends

- Lemieux, T. "Increasing Residual Wage Inequality: Composition Effects, Noisy Data, or Rising Demand for Skill?" *American Economic Review* 96(3) (June 2006): 461-498.
- Goldin, Claudia and Lawrence F. Katz. "Long-Run Changes in the U.S. Wage Structure: Narrowing, Widening, Polarizing" NBER working paper no. w13568, Nov. 2007
- Lemieux, Thomas. "The Changing Nature of Wage Inequality" NBER working paper no. 13523, Oct. 2007
- Lemieux, Thomas, W. Bentley MacLeod and Daniel Parent. "Performance Pay and Wage Inequality" NBER working paper no w13128, May 2007

3. Effects of Immigration

- Jones, R. W. "The Structure of Simple General-Equilibrium Models", *Journal of Political Economy*, December 1965.
- Ruffin, R. "Trade and Factor Movements with Three Factors and Two Goods", *Economics Letters*, 1981, pp. 177-82.
- Gerking, S. and J. Mutti, "Factor Rewards and the International Migration of Unskilled Labor: A Model with Capital Mobility", *Journal of International Economics*, 1983, pp. 367-80.
- Card, D. "The Impact of the Mariel Boatlift on the Miami Labor Market", *Industrial and Labor Relations Review* 43 (January 1990): 245-58.
- Lalonde, R. J., and R. Topel, "Labor Market Adjustments to Increased Immigration", in J. Abowd and R. Freeman, eds., *Immigration, Trade, and the Labor Market*, Chicago, University of Chicago Press, 1991.
- Topel, R. "Regional Labor Markets and the Determinants of Wage Inequality", *American Economic Review* 84(2), May 1994, pages 17-22.
- Borjas, G. "The Labor Demand Curve Is Downward Sloping: Re-examining the Impact of Immigration on the Labor Market". *Quarterly Journal of Economics* 118(4) (November 2003): 1335-1374.
- Ottaviano, G. and G. Peri. "Rethinking the Gains from Immigration: Theory and Evidence from the U.S." NBER working paper no. 11672, September 2005.
- Borjas, G. "Immigration in High-Skill Labor Markets: The Impact of Foreign Students on the Earnings of Doctorates" NBER working paper no. 12085, 2006.
- Freeman, R. B. "People Flows in Globalization" *Journal of Economic Perspectives* 20(2) (Spring 2006): 145-170.
- Hanson, Gordon H. "Illegal Immigration from Mexico to the United States" *Journal of Economic Literature* 44(4) (December 2006): 869-924.
- Borjas, George J., Jeffrey Grogger and Gordon H. Hanson. "Immigration and African-American Employment Opportunities: The Response of Wages, Employment, and Incarceration to Labor Supply Shocks" NBER working paper no. w12518, Sept. 2006

4. Effects of Other Supply Shocks

- Welch, F. "Effects of Cohort Size on Earnings: The Baby Boom Babies' Financial Bust". *Journal of Political Economy* 87(5) (October 1979): S65-S97.
- Juhn, C. and D. Kim "The Effects of Rising Female Labor Supply on Male Wages" *Journal of Labor Economics* 17(1) (January 1999): 23-48.
- Fortin, Nicole M. and Thomas Lemieux. "Are Women's Wage Gains Men's Losses? A Distributional Test" *American Economic Review* May 2000; 90(2): 456-60
- Fortin, Nicole M. "Higher-Education Policies and the College Wage Premium: Cross-State Evidence from the 1990s" *American Economic Review* 96(4) (September 2006): 959-987.

5. Effects of International Trade

- Reventa, A. "Exporting Jobs: the Impact of Import Competition on Employment and Wages in U.S. Manufacturing", *Quarterly Journal of Economics*, Feb. 1992.
- Borjas, G. and V. Ramey, " Foreign Competition, Market Power, and Wage Inequality" *Quarterly Journal of Economics* 110(4), November 1995, pages 1075-1110.

Hanson, G. "What has Happened to Wages in Mexico since NAFTA?" NBER working paper no. 9563, March 2003.

Bertrand, M. "From the Invisible Handshake to the Invisible Hand? How Import Competition Changes the Employment Relationship" *Journal of Labor Economics* 22(4) (Oct 2004): 723-766.

Trefler, D. "The Long and the Short of the Canada-U.S. Free Trade Agreement" *American Economic Review* 94(4) (Sept. 2004): 870-895.

Hsieh, Chang-Tai; Woo, Keong T. "The Impact of Outsourcing to China on Hong Kong's Labor Market" *American Economic Review*, Volume 95, Number 5, December 2005, pp. 1673-1687.

Artuc, Erhan, Shubham Chaudhuri and John McLaren "Trade Shocks and Labor Adjustment: A Structural Empirical Approach" NBER working paper no. w13465, Oct. 2007

6. Effects of Technological Change

Berman, E., J. Bound and Z. Griliches, "Changes in the Demand for Skilled Labor within U.S. manufacturing: Evidence from the Annual Survey of Manufactures", *Quarterly Journal of Economics* 109 (May 1994): 367-398

Autor, D., L. Katz, and A. Krueger, "Computing Inequality: Have Computers Changed the Labor Market?" *Quarterly Journal of Economics* 113 (November 1998): 1169-1215.

Goldin, Claudia and Lawrence F. Katz, "The Origins of Technology-Skill Complementarity", *Quarterly Journal of Economics* 113 (August 1998): 693-732.

Card, D. and J. DiNardo, "Skill-Biased Technological Change and Rising Wage Inequality: Some Problems and Puzzles". *Journal of Labor Economics* 20(4) (October 2002): 733-783.

Autor, D., F. Levy, and R. Murnane, "The Skill Content of Recent Technological Change: An Empirical Exploration". *Quarterly Journal of Economics* 118(4) (November 2003): 1279-1334.

7. Effects of Deregulation

Nickell, S. "Product Markets and Labour Markets". *Labour Economics* 6 (March 1999): 1-22.

Rose, N. "Labor Rent Sharing and Regulation: Evidence from the Trucking Industry" *Journal of Political Economy* 95(6), December 1987, pages 1146-78.

Hildreth, A., and A. Oswald, "Rent-Sharing and Wages: Evidence from Company and Establishment Panels" *Journal of Labor Economics* 15(2), April 1997, pages 318-37.

Bertrand, M. and S. Mullainathan, "Is There Discretion in Wage Setting? A Test Using Takeover Legislation" *RAND Journal of Economics*, Vol. 30, No. 3, 1999

Hirsch, B. and D. MacPherson, "Earnings, Rents, and Competition in the Airline Labor Market". *Journal of Labor Economics* 18 (1) (January 2000): 125-155.

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F. WAGE STRUCTURE: UNDERSTANDING WAGE DIFFERENTIALS

1. Compensating Differentials

Smith, A. *The Wealth of Nations*, chapter 10, part 1.

Rosen, S., "Hedonic Prices and Implicit Markets: Product Differentiation in Pure Competition," *Journal of Political Economy*, January/February 1974, 34-55.

Brown, C., "Equalizing Differences in the Labor Market," *Quarterly Journal of Economics*, February 1980, 113-34.

Hwang, Hae-shin, W. R. Reed and C. Hubbard, "Compensating Wage Differentials and Unobserved Productivity," *Journal of Political Economy*, 100, August 1992, 835-58.

Murphy, K. and R. Topel, "Unemployment Risk and Earnings: Testing for Equalizing differences in the Labor Market" in K. Lang and J. Leonard, eds., *Unemployment and the Structure of Labor Markets*, Oxford: Basil Blackwell, 1987 pp. 103-140.

Gunderson, M. and D. Hyatt, "Do Injured Workers Pay for Reasonable Accommodation?," *Industrial and Labor Relations Review*, October 1996.

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Gertler, P., M. Shah and S. Bertozzi. "Risky Business: The Market for Unprotected Commercial Sex" *Journal of Political Economy*, 2005, vol. 113, no. 3

Ashenfelter, O. "Measuring the Value of a Statistical Life: Problems and Prospects". NBER working paper no. 11916, January 2006

2. Training and Careers

Becker, G. *Human Capital a theoretical and empirical analysis, with special reference to education*. Chicago : The University of Chicago Press, 1993.

Murphy, K. M. and F. Welch, "Empirical Age-Earnings Profiles," *Journal of Labor Economics* 8, April 1990, 202-229.

Hashimoto, M. and B. T. Yu, "Specific Capital, Employment Contracts, and Wage Rigidity" *Bell Journal of Economics*, Autumn 1980.

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Neal, D. "Industry-Specific Capital : Evidence from Displaced Workers". *Journal of Labor Economics* 13 (October 1995): 653-677.

Gibbons, R. and M. Waldman, "A Theory of Wage and Promotion Dynamics within Firms". *Quarterly Journal of Economics* 114 (November 1999): 1321-1358.

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Lazear, E. "Firm-Specific Human Capital: A Skill-Weights Approach" NBER working paper no. 9679, May 2003.

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Possible Paper Topics

*(not an exhaustive list: please feel free to propose other topics,
but:*

BE SURE TO CHOOSE A TOPIC EARLY IN THE QUARTER)

1. What has happened to the total amount of work or leisure consumed by Americans over the last 50 years? What explains these changes?
2. Why do Americans work more than Europeans?
3. Do high taxes reduce labor supply?
4. Has U.S. welfare reform reduced welfare dependence? How has it affected poverty among welfare parents and the well being of their children?
5. Review the literature on efficiency wages and ‘behavioral’ labor supply. How do ‘non-economic’ factors like perceptions of fairness affect worker effort?
6. What, if anything, do “non-unitary” models of household behavior add to our understanding of households’ labor supply and consumption decisions?
7. Is the life cycle labor supply model a useful description of how work behavior varies from year to year and over the lifetime within U.S. households?
8. How do minimum wage laws affect the distribution of wages, the number of jobs, worker incomes and poverty?
9. Do mandated limits on worker overtime create jobs for other workers?
10. What do unions do (to wages, employment, job quality, productivity, and economic efficiency?)
11. Why has wage inequality in the United States increased over the past several decades?
12. How does immigration affect the wages of U.S.-born workers?
13. How has increased international trade and foreign competition affected the wages of U.S. workers?
14. How has outsourcing affected U.S. workers?
15. How has technological progress –in particular, the diffusion of computer and internet technology—affected U.S. workers’ wages?
16. How has deregulation of industries affected wages?
17. Do firms insure workers against business cycle risks? Against other risks? If so, has the amount of insurance declined?
18. Has the Americans with Disabilities Act hurt or helped disabled Americans?

19. What is the (statistical) value of a human life, and can it be accurately inferred from the study of labor markets?
20. How does employee health insurance interact with labor markets? Does it cause “job lock”? Given what we know about health insurance and the labor market, how would a move to national health insurance affect labor markets?
21. What has happened to employer pension coverage among U.S. workers? Have the predominant types of pension plans changed? Why?
22. Theoretically, how can labor economists model a promotion? Review and contrast some of the main models of workers’ careers, and the empirical evidence relevant to these models.
23. How long does it take the typical immigrant to the U.S. to “catch up” to native-born workers’ wages? Does it take several generations? Has the time to catch up changed over the past several decades?
24. Are recent immigrants to the U.S. less “able” than earlier cohorts? Should we care?
25. What explains the wage gap between black and white Americans?
26. Why do Hispanic Americans earn lower wages?
27. What are the costs and benefits of Affirmative Action for racial minorities?
28. What explains the gender wage gap, and its recent narrowing?
29. What is known about the labor market effects of sexual orientation?
30. What are the costs and benefits of comparable worth pay policy and/or mandated family leave policy for women?
31. Has job security and/or the practice of lifetime employment declined in the United States? How does the U.S. compare with other countries in this area?
32. Worker “displacement” refers to the permanent loss of a job that a worker has held for a substantial amount of time (five years or more), for reasons (such as a plant closure or decline in industry demand) that are unrelated to the worker’s job performance. What are the short-and long-term consequences of displacement in the U.S. labor market and how to these compare to other countries?