

BOSTON COLLEGE  
Department of Economics

EC 885 Labor Market Analysis  
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**READING LIST (Fall 2001)**

Readings-- The reading materials are from journal articles which I will make available.

Course format-- The focus of the course is on (1) teaching you a body of literature that labor economist are expected to know and (2) helping you develop the set of skills necessary to write a dissertation. I will try to teach the latter skills through a set of exercises. These will include the following:

- The class paper (due on the last day of class) will consist of a critical analysis of a published paper and a replication of the empirical results. This replication can be with the same data set or an alternative data set
- Each student will present an article to the class. These may include articles on the reading list or other articles of general interest.
- I will hand out working papers or papers I have been asked to referee. You will be asked to prepare referee reports on these papers. This will help you develop the skill to read papers critically,
- You will be asked to read the papers by the labor economists who are presenting in the Department seminar series and prepare a one page referee report on each. We will discuss these papers in class before the paper is presented in the workshop
- You will be asked to attend the dissertation workshop when one of our labor students is presenting. We will discuss the paper and presentation in the class following the presentation.

In addition I will let you know about the projects I am working on and how they progress (or go down blind paths) as the semester progresses. The latter is essential so that you start to understand how projects develop.

Grades The final grade will be based on the following weights

Class exercises	.30
Mid-term	.30
Final	.40

Readings are broken down into three categories

- \*\*\* Requires detailed understanding.
  - \*\* Read to understand the question, general methodology and results
  - \* Reference material used in lecture optional
- Other reference material if you are interested in working in this area

The following abbreviations are used:

JOLE Journal of Labor Economics  
 HLE Handbook of Labor Economics  
 QJE Quarterly Journal of Economics  
 JEL Journal of Economic Literature  
 REStat Review of Economics and Statistics  
 JEP Journal of Economic Perspectives

## **I. Introduction**

## **II. Job Search and Job Matching**

### **A. Job Search**

#### **Analytical Model**

- \*\*Mortensen, "Job Search and Labor Market Analysis," sections 1 and 2 in HLE, vol. 2, 1986
- \*Gottschalk, "The Impact of Taxes and Transfers on Job Search" JOLE 1988
- \*Albrecht and Axell, "An Equilibrium Model of Search Unemployment," JPE, 1984

#### **Empirical Duration Models**

##### Econometrics

- \*\*Allison Event History Analysis section 1-3,5
- Keifer, "Economic Duration Data and Hazard Functions," JEL, June 1988

##### Evidence

- \*\*Wolpin, "Estimating a Structural Search Model" Econometrica 1987
- \*Gottschalk and Maloney Involuntary Termination, Unemployment, and Job Matching: a Test of Search Theory JOLE 1985.
- \*Jones and Kuhn "Mandatory Notice and Unemployment" JOLE Oct 1995
- \*Katz and Meyer Unemployment Insurance, Recall Expectations, and Unemployment Outcomes QJE 1990
- Meyer Lessons from US Unemployment Insurance Experiments JEL 1995
- Devine and Keiffer Empirical Labor Economics, The Search Approach
- Devine and Kiefer "The Empirical Status of Job Search Theory" Labour Economics June 1993

**B. Job Matching**

- \*Jovanovic Job Matching and the Theory of Turnover JPE 1979
- \*Kletzer Job Displacement JEP 1998
- \*Farber Handbook of Labor Economics vol 3b chapter 37

**III. Labor Demand****A. Basic Theory of Labor Demand**

- \*\*Hamermesh, "The Demand for Labor in the Long Run," HLE, vol. 1
- \*Oi, "Labor as a Quasi-Fixed Factor," JPE 1962

**B. Ridgidities in Labor Demand****1. Effects of Minimum Wage (Student Presentations)**

- \*\*Neumark and Wascher "Employment Effects of Minimum and Sub minimum Wage Laws" ILRR Oct. 1992
- \*Card and Krueger Minimum Wage and Employment: A Case Study in New Jersey and Pennsylvania AER (1994)
- \*Burkhauser et al. A Reassessment of the New Economics of the Minimum Wage JLE October 2000

**2. Effects of Mandates on Employers**

- \*Summers "Some Simple Economics of Mandated Benefits" AER May 1989

**3. Effects of Centralization Are European Labor Markets Less Efficient?**

- \*\*Teulings and Hartog, pp 64-74, Corporatism or Competition? 1998
- \*\*Calmfors and Driffill Centralization of Wage Bargaining and Economic Performance Economic Policy 1988
- \*Nickell Unemployment And Labor Market Rigidities JEP 1997

**4. Labor Markets in Transitional Economies (student presentation)**

- \*Svejnar Labor Markets in the Transitional Central and Eastern European Economies HLE vol 3b chap. 42

**C. Discrimination**

- \*\*Goldin and Rouse Orchestrating Impartiality: the Impact of Blind Auditions on Female Musicians AER Sept 2000
- \* Altonji and Blank Race and Gender in the Labor Market HLE vol 3c chapter 48

## IV. Changes in Inequality

### 1. Basic Facts

- \*\*Gottschalk Inequality, Growth and Mobility :The Basic Facts JEP 1997
- \*Gottschalk and Smeeding Cross-National Comparisons of Earnings and Income Inequality Journal of Economic Literature, June 1997

### 2. Explanations

- \*\*Katz and Murphy. 1992. "Changes in Relative Wages, 1963--1987: Supply and Demand Factors," QJE 1992
- \*Bound and Johnson Changes in the Structure of Wages AER 1992
- \*Gottschalk and Joyce Cross-national Differences in the Rise in Earnings Inequality-- Market and Institutional Forces RE Stat 1998
- \*Krueger How Computers Have Changed the Wage Structure QJE 1993
- \*DiNardo and Pischke The Returns to Computer Use Revisited QJE 1997
- \*Burtless "International Trade and the Rise in Earnings Inequality JEL 1995

## V Labor Supply and Demographic Choice

### A. Labor Supply

#### Static Model

##### 1. Individual decision

- \*\*Blundell and MaCurdy Labor Supply: a Review of Alternative Approaches HLE vol 3a chap. 27 through section 4.1

##### 2. Family Decision

- \*Lundberg and Pollak Bargaining and Distribution in Marriage JEP 1996
- \*Gronau "Leisure, Home Production and Work" JPE (1977)
- \*Becker "Human Capital, Effort and the Sexual Division of Labor" JOLE (1985)

##### 3. Empirical

- \*\*Heckman "What Has Been Learned about Labor Supply in the Past Twenty Years?" American Economic Review May 1993
- \*Camerer et al labor Supply of New York City Cabdrivers: One Day at a Time QJE May 1997
- \*Oettinger An Empirical Analysis of the Daily Labor Supply of Stadium Vendors JPE 1999
- \*Keane and Moffitt "A Structural Model of Multiple Welfare Program Participation and Labor Supply" International Economic Review 1998
- \*Killingsworth Labor Supply (1983)

#### Inter-temporal Labor Supply

- \*\*Blundell and Murphy remainder of chap. 27 of HLE

### **Impact of Taxes and Transfers**

- \*\*Moffitt, "The Econometrics of Piecewise Linear Budget Constraints," Journal of Business and Economic Statistics (1986)
- \*Moffitt, "An Economic Model of the Welfare System," AER, 1983
- \*Moffitt, "Incentive Effects of the US Welfare System: A Review JEL 1992  
Impact of cohort size (student presentation) reading to be added

### **B. Some Demographic Decisions**

#### **1. Marriage and Having Children (student presentation)**

- \*Hotz, McElroy and Sanders "The Costs and Consequences of Teenage Childbearing for Mothers" in Kids Having Kids
- \*Rosensweig "Welfare, Marital Prospects and Non-marital Childbearing" (mimeo).
- \*Hoynes "Does Welfare Play any Role in Female Headship Decisions?" Journal of Public Economics 1997
- \*Moffitt "The Effects of Welfare on Marriage and Fertility: What Do We know and What Do We Need to Know?" IRP discussion paper 1153-97

#### **2. Migration**

- \*Walker Migration among Low-Income Households: Helping the Witch Doctors Reach Consensus IRP Discussion paper 1031-94

### **IV. Program Evaluation**

- \*Heckman, LaLonde and Smith The Economics and Econometrics of Active Labor Market Policies HLE vol 3a chap. 31

### **V. Earnings Dynamics**

- \*\*MaCurdy The Use of Time Series Processes to Model the Error Structure of Earnings in a Longitudinal Data Analysis Journal of Econometrics 1982
- \*Abowd and Card On the Covariance Structure of Earnings and Hours Changes Econometrica 1989
- \*Moffitt and Gottschalk "Trends in the Auto-covariance Structure of Earnings in the US" mimeo 2000
- Lillard and Willis "Dynamic Aspects of Earnings Mobility" Econometrica March 1979