

BOSTON COLLEGE  
Department of Economics

EC 885 Labor Market Analysis  
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**READING LIST (Spring 1999)**

Readings-- The reading material is primarily from journal articles which I will make available. The only book you should buy is :

Andrew Weiss Efficiency Wages

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 class discussion and a set of exercises. These will include the following:

- Undertake and report on an empirical research project-- Each student will be responsible for developing an ongoing research project . Specific assignments will be given
- Present articles of general interest to the class. These may include articles on the reading list or other articles of general interest.
- Write several referee reports on articles that have been submitted to journals.
- Read the papers by the seven labor economists who are presenting in the Monday seminar series and prepare a one page referee report—We will discuss these papers on the Thursday before the papers are presented.
- Other items as they come up

Grades—Grades will be based on the work described above and on several short problem sets covering the core material. Since you will all be tested on the material in the labor comprehensive exam, there will be no final.

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 Kieffer "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 "The Changing Face of Job Loss in the US, 1985-95" mimeo 1997

### **III Labor Supply and Demographic Choice**

#### **A. Labor Supply Static Model**

##### 1. Individual decision

Killingsworth Labor Supply (1983)

Killingsworth and Heckman "Female Labor Supply: a Survey" HLE Ch2

Pencavel "Labor Supply of Men: a Survey" HLE Ch 1

##### 2. Family Decision

\*\*Folbre "Cleaning House--New Perspectives on Households and Economic Development"\*Becker "A Theory of the Allocation of Time" EJ (1965)

\*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

\*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**

\*\*\*Plant "An Empirical Analysis of Welfare Dependence" AER 1984

\*MaCurdy, "An Empirical Model of Labor Supply in a Life Cycle Setting," JPE, 1981

#### **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

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

##### **1. Marriage and Having Children**

\*\*\*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" (memo).

\*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**

\*\*Heckman and Honore "the Empirical Content of the Roy Model" Econometrica 1990

\*Walker TBA

## **IV Wage determination**

### **A. Equilizing Differentials and Hedonic Wage Equations**

- \*\*Brown "Equalizing Differences in the Labor Market" QJE 1980
- \*Rosen "the Theory of Equalizing Differences" HLE Ch12

### **B. Imperfect Information and Wage Determination**

#### **Efficiency Wages**

- \*\*Weiss Efficiency Wages
- \*Krueger and Summers "Efficiency Wages and the Inter-Industry Wage Structure" *Econometrica* 1988

#### **Implicit Contracts and Compensation Schemes**

##### Theory

- \*Malcomson "Individual Employment Contracts" (mimeo)

##### Empirical

- \*\*\* Beaudry and DiNardo "The Effect of Contracts on the movement of Wages over the Business Cycle" *JPE* 1991
- \*Gibbons and Murphy "Relative Performance Evaluation of Chief Executive Officers" *ILRR* Feb. 1990
- \*Rosen " The Economics of Superstars" *AER* Dec 81
- \*Lazear "Why is there Mandatory Retirement?" *JPE* Dec. 1979

### **C. Dual Labor Markets**

- \*Readings to be announced

### **D. Earnings Dynamics**

- \*\*Lillard and Willis "Dynamic Aspects of Earnings Mobility" *Econometrica* March 79
- \*Moffitt and Gottschalk "Trends in the Auto-covariance Structure of Earnings in the US" mimeo

## **V. Special Topics**

### **A. Differences between US and European Labor Markets-- Do Institutions Matter?**

- \*\*Calmfors and Driffill "Centralization of Wage Bargaining and Economic Performance" *Economic Policy* 1988
- \*Nickell "Unemployment And Labor Market Rigidities" 1997
- \*Teulings and Hartog Corporatism or Competition? 1998
- \*Gottschalk and Joyce "Cross-national Differences in the Rise in Earnings Inequality-- Market and Institutional Forces" *RE Stat* 1998
- \*Blau

**B. Rising Inequality****1. Basic Facts**

- \*\*Katz and Murphy. 1992. "Changes in Relative Wages, 1963--1987: Supply and Demand Factors," QJE 1992
- \*Gottschalk and Smeeding "Cross-National Comparisons of Earnings and Income Inequality" Journal of Economic Literature, June 1997

**2. Explanations**

- \*\*Bound and Johnson "Changes in the Structure of Wages" AER
- 1992Krueger "How Computers Have Changed the Wage Structure" QJE 1993
- \*DiNardo and Pischke "The Returns to Computer Use Revisited" QJE 1997
- \*Katz Autor
- \*Burtless "International Trade and the Rise in Earnings Inequality" JEL 1995