

Master and Doctoral Seminar, SS 2016

Topics in Labour Economics

J.-Prof. Dr. Anna Zaharieva
Faculty of Economics and Management, Bielefeld University

Office: W8-103

Email: azaharieva@wiwi.uni-bielefeld.de

First meeting: 12.04.2016, Time: 14:15-15:45

Presentations: 28.06.2016, 12.07.2016 and 19.07.2016

Overview: This seminar provides a survey of traditional topics in Labour Economics combined with a number of topics from the theory of search and matching which is a modern economic tool to analyze the equilibrium dynamics of the labour market. Every topic will be reviewed from a theoretical and an empirical perspective.

Organisation: Students are required to write a 10-12 page research paper on one of the topics from the list below. The main body of the paper should contain a brief explanation of the traditional modelling approach and a summary of empirical findings on the topic. In addition the paper should include an introduction, major conclusions and a complete list of references. Students are expected to give a 20 minute presentation in the end of the semester.

Grading: The seminar grade will be based on a research paper (50%) and a presentation of the paper (50%).

Introductory literature (textbooks)

1. Borjas G.J. (2010): *Labor Economics*, McGraw-Hill, Boston, MA.
2. Cahuc P., Zylberberg A. (2004): *Labour Economics*, The MIT Press, Cambridge, MA.
3. Ehrenberg R.G., Smith R. (2006): *Modern Labour Economics*, Addison Wesley, Boston, MA
4. Franz W. (2009): *Arbeitsmarktkonomik*, 7. Auflage, Springer Verlag.
5. Mortensen D. T. (2003): *Wage Dispersion*. The MIT Press.
6. Pissarides C. A. (2000): *Equilibrium Unemployment Theory*, The MIT Press, Cambridge, MA.

1. Labor supply: a review of alternative approaches

- BLUNDELL R., A. DUNCAN, C. MEGHIR (1992): Testing in empirical labour supply models: lone mothers in the UK, *The Economic Journal*, 102(411): 265-278.
- HECKMAN J. (1993): "What has been learned about labor supply in the past twenty years?", *American Economic Review, Papers and Proceedings*, 83(2): 116-121
- BLUNDELL R., T. MACURDY (1999): "Labor Supply: a review of alternative approaches", in Ashenfelter, O. and Card, D. (eds), *Handbook of Labor Economics*, vol. 3a, chap. 27, Amsterdam: Elsevier Science

2. Returns to schooling and the theory of human capital

- MINCER J. (1974): *Schooling, experience and earnings*, New York: National Bureau of Economic Research (chapter 3 – Schooling and Earnings).
- CARD D. (1999): "The causal effect of education on earnings" in Ashenfelter, O. and Card D. (eds.) *Handbook of Labour Economics*, vol. 3a, chap. 30, Amsterdam, Elsevier Science
- BRUNELLO G., S. Comi (2004): "Education and earnings growth: evidence from 11 European countries", *The Economics of Education Review*, 23(1): 75-83 (IZA working paper No. 140)

3. The labour market effects of the minimum wage

- DOLADO J., F. KRAMARZ, S. MACHIN, A. MANNING, D. MARGOLIS, C. TEULINGS (1996): "The economic impact of minimum wages in Europe", *Economic Policy*, october, 319-372
- ABOWD J., F. KRAMARZ, T. LEMIEUX, D. MARGOLIS (1999): "Minimum wages and youth employment in France and the United States", in Blanchflower D., Freeman R., (eds) *Youth Employment and the Labour Market*, Chicago, University of Chicago Press
- CARD D., A. KRUEGER (2000): "Minimum wages and employment: A case study of the fast-food industry in New Jersey and Pennsylvania: Reply", *American Economic Review*, 90: 1397-1420

4. The role and influence of trade unions

- CARD D. (1996): "The effect of unions on the structure of wages: A longitudinal analysis", *Econometrica*, 64: 957-979
- BLANCHFLOWER D., A. BRYSON (2002): "Changes over time in union relative wage effects in the UK and the US revisited", NBER Working paper No. 9395

- CARD D., T. LEMIEUX, W.C. RIDDELL (2003): "Unions and the wage structure", in Addison J.T., and Schnabel C. (eds.) *The International Handbook of Trade Unions*, Cheltenham, Edward Elgar Publishing

5. Compensating wage differentials

- HWANG H., R. REED, C. HUBBARD (1992): "Compensating wage differentials and unobserved productivity", *Journal of Political Economy*, 100: 835-858
- VISCUSI W.K. (1993): "The value of risks to life and health", *Journal of Economic Literature*, 31: 1912-1946
- ASHENFELTER O.S. (2006): "Measuring the value of a statistical life: problems and prospects", *The Economic Journal*, C10-C23

6. Theory of job search and matching

- MORTENSEN D.T., C.A. PISSARIDES (1994): "Job creation and job destruction in the theory of unemployment", *Review of Economic Studies*, 61: 397-415
- ROGERSON R., R. SHIMER, R. WRIGHT (2005): "Search-theoretic model of the labour market: a survey", *Journal of Economic Literature*, XLIII: 959-988
- PISSARIDES C. A. (2007): "The unemployment volatility puzzle: is wage stickiness the answer?", CEP Discussion Paper No 839.

7. Job performance, efficiency wages and dismissals

- SHAPIRO C., J.E. STIGLITZ (1984): "Equilibrium Unemployment as a Worker Discipline Device", *The American Economic Review*, 74(3): 433-444.
- CAPELLI P., K. CHAUVIN (1991): "An Interplant Test of the Efficiency Wage Hypothesis", *The Quarterly Journal of Economics*, 106(3): 769-787.
- FABIANI S., K., GALUSCAK, C. KWAPIL, A. LAMO, T. ROOM (2009): "Wage Rigidities and Labour Market Adjustment in Europe", *Journal of the European Economic Association*, 8(2-3): 1-9.

8. Optimal unemployment insurance

- HOPENHAYN H.A., J.P. NICOLINI (1997): "Optimal Unemployment Insurance", *Journal of Political Economy*, 105(2): 412-438.
- FREDRIKSSON P., B. HOLMLUND (2001): "Optimal Unemployment Insurance in Search Equilibrium", *Journal of Labour Economics*, 19(2): 370-399.

- CHETTY R. (2008): "Moral Hazard versus Liquidity and Optimal Unemployment Insurance", *Journal of Political Economy*, 116(2): 173-234.

9. Temporary layoffs and recall expectations

- PISSARIDES C.A. (1982): "Job search and the Duration of Layoff Unemployment", *The Quarterly Journal of Economics* 97(4): 595-612.
- BURDETT K., WRIGHT R. (1989): "Optimal Firm Size, Taxes, and Unemployment", *Journal of Public Economics*, 39: 275-287.
- CORAK M. (1995): "Unemployment Insurance, Temporary Layoffs and Recall Expectations", Human Resources Development Canada, Statistics Canada.

10. Incentive contracts: profit-sharing bonus payments

- HART R. A., O. HÜBLER (1991): "Are Profit Shares and Wages Substitute or Complementary Forms of Compensation?", *Kyklos*, 44(2): 221-231.
- CAHUC P., B. DORMONT (1997): "Profit-sharing: Does it increase productivity and employment?", *Labour economics* 4: 293-319.
- DEMOUGIN D., C. HELM (2006): "Moral Hazard and Bargaining Power", *German Economic Review*, 7(4): 463-470.

11. On-the-job search and the wage distribution

- BURDETT K., D.T. MORTENSEN (1998): "Wage differentials, Employer Size, and Unemployment", *International Economic Review*, 39: 257-273.
- CHRISTENSEN B.J., R. LENTZ, D.T. MORTENSEN, G.R. NEUMANN, A. WERWATZ (2005): "On-the-job Search and the Wage Distribution", *Journal of Labour Economics*, 23(1): 31-58.
- GAUTIER P.A., C.N. TEULINGS, A.V. VUUREN (2010): "On-the-job search, mismatch and efficiency", *The Review of Economic Studies*, 77: 245-272

12. Social networks and labour market outcomes

- MONTGOMERY J.D. (1991): "Social Networks and Labor-Market Outcomes: Toward an Economic Analysis", *The American Economic Review*, 81(5): 1408-1418.
- IOANNIDES Y.M., L. DATCHER LOURY (2004): "Job Information Networks, Neighborhood Effects, and Inequality", *Journal of Economic Literature*, 42(4): 1056-1093.
- PELLIZZARI M. (2010): "Do Friends and Relatives Really Help in Getting a Job?", *Industrial and Labor Relations Review*, 63(3): 494-510.

13. Theories of taste and statistical discrimination

- FANG H., A. MORO (2011): "Theories of Statistical Discrimination and Affirmative Action: a Survey", In *Handbook of Social Economics*, ed. Jess Benhabib, Matthew Jackson, and Alberto Bisin, vol. 1A The Netherlands: North-Holland pp. 133-200 (available as NBER working paper Nr. 15860).
- MAILATH G., L. SAMUELSON, A. SHAKED (2000): "Endogenous Inequality in Integrated Labor Markets with Two-Sided Search", *American Economic Review*, 90(1): 46-72.
- KAAS L., J. LU (2010): "Equal-Treatment Policy in a Random Search Model with Taste Discrimination", *Labour Economics*, 17(4): 699-709.

14. The impact of immigration on employment and wages

- BORJAS G.J. (1999): "The Economic Analysis of Immigration", *Handbook of Labor Economics*, 3(A): 1697-1760.
- D'AMURI F., OTTAVIANO G., PERI G. (2010): "The Labor Market Impact of Immigration in Western Germany in the 1990s", *European Economic Review*, 54: 550-570.
- ORTEGA J., (2000): "Pareto-Improving Immigration in an Economy with Equilibrium Unemployment", *The Economic Journal*, 110 (January): 92-112.

15. Intergenerational educational mobility

- Piketty T. (2000), "Theories of Persistent Inequality and Intergenerational Mobility", *Handbooks in Economics*, 16: 429-476.
- Hertz T., Jayasundera T., Piraino P., Selcuk S., Smith N., Vereshchagina A. (2007), "The Inheritance of Educational Inequality: International Comparisons and Fifty-Year Trends", *The B. E. Journal of Economic Analysis and Policy*, 7(2).
- Chevalier A., Denny K., McMahon D. (2003): "A Multi-Country Study of Inter-generational Educational Mobility", *Education and Inequality across Europe*, Edward Elgar, London.