

Labor Economics
Uta Schoenberg – Fall 2007

Course Requirements

Grades will be determined by the following factors.

Data exercise – You will have to replicate a paper using NLSY data - 40%

Presentation of a paper of your choice -10 %

Referee Report – 10 %

Problem Sets (Old Exam Questions) – 10 %

Research Proposal – 30 %.

Course Outline

I Racial Wage Differentials: Why do blacks earn less than whites?

Altonji, J. and R. Blank (1999), “Race and Gender in the Labor Market”, in O. Ashenfelter and D. Card, eds., *Handbook of Labor Economics*, 3C, North Holland, 3143-3259.

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*M. Bertrand and S. Mullainathan (2003), “Are Emily and Greg More Employable than Lathisha and Jamal? A Field Experiment on Labor Market Discrimination”, *American Economic Review*, 94, 991-1013

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D. Card and A. Krueger (1992), “School Quality and Black/White Relative Earnings: A Direct Assessment”, *Quarterly Journal of Economics*, 107.

F. Cunha, J. Heckman, L. Lochner and D. Masterov (2007), “Interpreting the Evidence on Life Cycle Skill Formation”, in: *The Handbook of Economics of Education*.

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*R. G. Fryer, Jr. and S.D. Levitt (2004), “[Understanding the Black-White Test Score Gap in the First Two Years of School](#)”, *Review of Economics and Statistics*, 86, 447-64.

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Todd, P. and K. Wolpin (2006), "[The Production of Cognitive Achievement in Children: Home, School and Racial Test Score Gaps](#)", University of Pennsylvania, mimeo.

II Returns to Education: What is the causal impact of one year of extra schooling?

*Ashenfelter, O., Krueger, A.B. (1994), "[Estimates of the Economic Return to Schooling from a New Sample of Twins](#)", *American Economic Review*, 93, 1157-73.

*Angrist, J.D.; Krueger, A.B. (1991), "[Does Compulsory School Attendance Affect Schooling and Earnings?](#)" *Quarterly Journal of Economics*, 106, 979-1014.

*Imbens, G. W. and J.D. Angrist (1994), "[Identification and Estimation of Local Average Treatment Effects](#)" *Econometrica*, 62, 467-75.

*K. Bedard and E. Dhuey (2006), "The Persistence of Early Childhood Maturity: International Evidence of Long-Run Age Effects", *Quarterly Journal of Economics*, 121, 1437-1472.

D. Bonjour, L. F. Cherkas, J. E. Haskel, D. D. Hawkes and T.D. Spector (2003), "[Returns to Education: Evidence from U.K. Twins](#)", *American Economic Review*, 93, 1799-1812.

Card, D. (1999), "[The Causal Effect of Education on Earnings](#)" ,In: *Handbook of Labor Economics*.

Card, D. (2001), "[Estimating the Return to Schooling: Progress on Some Persistent Econometric Problems](#)", *Econometrica*, 69, 1127-60.

D. Neumark (1994), "Biases in Twin Estimates of the Return to Schooling: A Note on Recent Research", NBER Technical Working Paper 158.

Lleras-Muney, A. (2005), "[The Relationship Between Education and Adult Mortality in the U.S.](#)," Review of Economic Studies, 72, 189 – 221.

*H. Royer and J. McCrary (2007), "[The Effect of Maternal Education on Fertility and Infant Health: Evidence from School Entry Policies Using Exact Date of Birth](#)", University of Michigan, mimeo.

III Mobility, Job Search and Matching: Why do wages grow over the life-cycle?

Altonji, J. G. and Shakotko, R. A. (1987), "[Do Wages Rise with Job Seniority?](#)" Review of Economic Studies, 54, 437-59.

Dustmann, C. and C. Meghir (1999), "[Wages, Experience and Seniority](#)", Review of Economic Studies, 72, 77 – 108.

Jovanovic, B. (1979), "[Firm-specific Capital and Turnover](#)", Journal of Political Economy, 87, 1246-60.

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Neal, D. (1998), "[The Link between Ability and Specialization: An Explanation for Observed Correlations between Wages and Mobility Rates](#)", Journal of Human Resources, 33, 173-200.

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Topel, R. H. (1992), "[Job Mobility and the Careers of Young Men](#)", Quarterly Journal of Economics, 107, 439-79.

*Topel, R. H. (1991), "[Specific Capital, Mobility, and Wages: Wages Rise with Job Seniority](#)", Journal of Political Economy, 99, 145-76.

IV Employer Learning and Wage Dynamics

*Altonji, J. G. and Pierret, C. R. (2001), “[Employer Learning and Statistical Discrimination](#)”, Quarterly Journal of Economics, 116, 313-50.

Acemoglu, D. and J. Pischke (1998), “Why Do Firms Train? Theory and Evidence”, Quarterly Journal of Economics, 113, 79-119.

*Farber, H. S. and R. Gibbons (1996), “[Learning and Wage Dynamics](#)”, Quarterly Journal of Economics, 111, 1007-47.

*Gibbons, R. and Katz, L. F. (1991), “[Layoffs and Lemons](#)”, Journal of Labor Economics, 9, 351-80.

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V Incentives

Gibbons, R. and K. Murphy (1992), “[Optimal Incentive Contracts in the Presence of Career Concerns: Theory and Evidence](#)”, Journal of Political Economy, 100, 468-505.

Gibbons, R. (1998), “[Incentives in Organizations](#)”, Journal of Economic Perspectives, 12, 115-32 Doc.

Holmstrom, B. and P. Milgrom (1994), “The Firm as an Incentive System”, American Economic Review, 84, 972-91.

Lazear, E. P. (1999), “[Output-Based Pay: Incentives or Sorting?](#)”, National Bureau of Economic Research Working Paper 7419.

*Lazear, E. P. (2000), “[Performance Pay and Productivity](#)”, American Economic Review 90, 1346-61.

Lazear, Edward P. (2000), “[The Power of Incentives](#)”, American Economic Review, 90, 410-14.

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Lazear, E. P. and Rosen, S. (1981), “[Rank-Order Tournaments as Optimum Labor Contracts](#)”, Journal of Political Economy, 89, 841-64.

Prendergast, C. (2002), “[The Tenuous Trade-Off between Risk and Incentives](#)”, Journal of Political Economy, 110, 1071-1102.

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VI Internal Labor Markets

*Baker, G., Gibbs, M. and B. Holmstrom (1994), “[The Wage Policy of a Firm](#)”, Quarterly Journal of Economics, 109, 921-55.

*Baker, G., Gibbs, M. and B. Holmstrom (1994), “[The Internal Economics of the Firm: Evidence from Personnel Data](#)”, Quarterly Journal of Economics, 109, 881-919.

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Gibbons, R. and M. Waldman (2003), “[Enriching the Theory of Wage and Promotion Dynamics Inside Firms](#)”, mimeo.

VII The Rise in Inequality

Acemoglu, D. (2002): “[Technical Change, Inequality and the Labor Market](#)”, Journal of Economic Literature, 40, 7-72.

*Autor, D.H., L.F. Katz and M.S. Kearny (2005a): “[Trends in U.S. Wage Inequality: Re-Assessing the Revisionists](#)”, NBER Working Paper No. 1627.

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Juhn, C., Murphy, K. & Pierce, B. (1993): "Wage Inequality and the Rise in Returns to Skill", *Journal of Political Economy*, 101, 410-441.

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*Lemieux, T. (2006a): "Increasing Residual Wage Inequality: Composition Effects, Noisy Data, or Rising Demand for Skill?" *American Economic Review*, 96, 1-64.

Lemieux, T. (2006b): "Post-Secondary Education and Increasing Wage Inequality", *American Economic Review Papers & Proceedings*, 96, 1-23.

Lemieux, T. (2007): "The Changing Nature of Wage Inequality", University of British Columbia, mimeo.

Spitz-Oener, A. (2006): "Technical Change, Job Tasks and Rising Educational Demands: Looking Outside the Wage Structure", *Journal of Labor Economics*, 24, 235-270.

VIII Labor Market Institutions: Minimum Wages, Unions, Unemployment Benefits, Firing Costs

D. H. Autor, W. R. Kerr and A. D. Kugler (2007), “[Do Employment Protections Reduce Productivity? Evidence from U.S. States](#)”, MIT, mimeo.

*D. Autor, J. Donohue III and S. Schwab (2006), “[The Costs of Wrongful-Discharge Laws](#)” *The Review of Economics and Statistics*, 88, 211 - 231.

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Card, D. and A.B. Krueger (1995), “[Myth and measurement: The new economics of the minimum wage](#)”, Princeton: Princeton University Press, 1995.

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*J.DiNardo and D.Lee (2005), “[Economic Impacts of New Unionization on Private Sector Employers: 1984-2001](#)”, *Quarterly Journal of Economics*, 119, 1383-1441.

*Lalive D’Epinay, R., J.C. van Ours, and J. Zweimüller (2006): “How Changes in Financial Incentives Affect the Duration of Unemployment”, [Review of Economic Studies](#), 73, 1009 – 1038.

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IX Infant Health

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*D. Almond, K.Y. Chay, and M. Greenstone (2007), "[Civil Rights, the War on Poverty, and Black-White Convergence in Infant Mortality in Mississippi](#)", University of Columbia, mimeo.

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K.Y. Chay and M.Greenstone (2007), “[Air Quality, Infant Mortality, and the Clean Air Act of 1970](#)”, mimeo, Brown University.

*K.Y. Chay and M.Greenstone (2003), “[The Impact of Air Pollution on Infant Mortality: Evidence from Geographic Variation in Pollution Shocks Induced by a Recession](#)”, Quarterly Journal of Economics, 118, 1121-1167.

*S. Black, P.Devereux, and K.Salvanes (2007), “From the Cradle to the Labor Market? The Effect of Birth Weight on Adult Outcomes”, Quarterly Journal of Economics, Vol. 122, 409-439.

*J. Currie and M. Neidell (2005), "[Air Pollution and Infant Health: What Can We Learn From California's Recent Experience?](#)” Quarterly Journal of Economics, Vol. 120, 1003-1030.