

## Economics 792: Labour Economics Provisional Outline, Spring 2018

This course will cover a number of topics in labour economics. Guidance on readings will be given in the lectures. There will be a number of problem sets throughout the course (where group work is encouraged), presentations, and a research paper/proposal. These, together with class participation, will determine your final grade. The research paper will be *optional*. Students not submitting a paper will receive a lower grade. *Small* group work may be permitted on the research paper *with the instructors approval*, although all students must make substantive contributions to any paper.

### Labour Supply Facts

Richard Blundell, Antoine Bozio, and Guy Laroque. Labor supply and the extensive margin. *American Economic Review*, 101(3):482–86, May 2011.

Richard Blundell, Antoine Bozio, and Guy Laroque. Extensive and Intensive Margins of Labour Supply: Work and Working Hours in the US, the UK and France. *Fiscal Studies*, 34(1):1–29, 2013.

### Static Labour Supply

Sören Blomquist and Whitney Newey. Nonparametric estimation with nonlinear budget sets. *Econometrica*, 70(6):2455–2480, 2002.

Richard Blundell and Thomas Macurdy. Labor supply: A Review of Alternative Approaches. In Orley C. Ashenfelter and David Card, editors, *Handbook of Labor Economics*, volume 3, Part 1 of *Handbook of Labor Economics*, pages 1559–1695. Elsevier, 1999.

Pierre A. Cahuc and André A. Zylberberg. *Labor Economics*. Mit Press, 2004.

John F. Cogan. Fixed Costs and Labor Supply. *Econometrica*, 49(4):pp. 945–963, 1981.

Jerry A. Hausman. The Econometrics of Nonlinear Budget Sets. *Econometrica*, 53(6):pp. 1255–1282, 1985.

James Heckman. Shadow Prices, Market Wages, and Labor Supply. *Econometrica*, 42(4):pp. 679–694, 1974.

Michael Keane and Robert Moffitt. A Structural Model of Multiple Welfare Program Participation and Labor Supply. *International Economic Review*, 39(3):553–589, 1998.

Nicolas Stern. On the Specification of Labour Supply Functions. In Richard Blundell and Ian Walker, editors, *Unemployment, Search, and Labour Supply*, pages 411–459. Cambridge University Press, Cambridge, 1986.

Arthur van Soest. Structural Models of Family Labor Supply: A Discrete Choice Approach. *The Journal of Human Resources*, 30(1):pp. 63–88, 1995.

### Empirical Tax Studies

Richard Blundell and Andrew Shephard. Employment, Hours of Work and the Optimal Taxation of Low-Income Families. *The Review of Economic Studies*, 79(2):481–510, 2012.

Raj Chetty, John N. Friedman, and Emmanuel Saez. Using Differences in Knowledge Across Neighborhoods to Uncover the Impacts of the EITC on Earnings. Working Paper 18232, National Bureau of Economic Research, July 2012.

- Nada Eissa. Taxation and Labor Supply of Married Women: The Tax Reform Act of 1986 as a Natural Experiment. Working Paper 5023, National Bureau of Economic Research, February 1995.
- Nada Eissa and Hilary Williamson Hoynes. Taxes and the Labor Market Participation of Married Couples: The Earned Income Tax Credit. *Journal of Public Economics*, 88(9-10):1931–1958, 2004.
- Hilary Williamson Hoynes. Welfare Transfers in Two-Parent Families: Labor Supply and Welfare Participation Under AFDC-UP. *Econometrica*, 64(2):295–332, 1996.
- Guido W. Imbens, Donald B. Rubin, and Bruce I. Sacerdote. Estimating the Effect of Unearned Income on Labor Earnings, Savings, and Consumption: Evidence from a Survey of Lottery Players. *The American Economic Review*, 91(4):pp. 778–794, 2001.
- Costas Meghir and David Phillips. Labour Supply and Taxes. In James Mirrlees, Stuart Adam, Timothy Besley, Richard Blundell, Stephen Bond, Robert Chote, Malcolm Grammie, Paul Johnson, Gareth Myles, and James Poterba, editors, *Dimensions of Tax Design: The Mirrlees Review*. Oxford University Press for Institute for Fiscal Studies, 2010.
- Thomas A. Mroz. The Sensitivity of an Empirical Model of Married Women’s Hours of Work to Economic and Statistical Assumptions. *Econometrica*, 55(4):pp. 765–799, 1987.
- Emmanuel Saez. Do Taxpayers Bunch at Kink Points? *American Economic Journal: Economic Policy*, 2(3):180–212, September 2010.

### **Dynamic Labour Supply**

- Jerome Adda, Christian Dustmann, and Katrien Stevens. The Career Costs of Children. IZA Discussion Paper No. 6201, 2011.
- Victor Aguirregabiria and Pedro Mira. Dynamic Discrete Choice Structural Models: A Survey. *Journal of Econometrics*, 156(1):38 – 67, 2010.
- Joseph G. Altonji. Intertemporal Substitution in Labor Supply: Evidence from Micro Data. *Journal of Political Economy*, 94(3):pp. S176–S215, 1986.
- Richard Blundell and Thomas MaCurdy. Labor supply: A Review of Alternative Approaches. In Orley C. Ashenfelter and David Card, editors, *Handbook of Labor Economics*, volume 3, Part 1 of *Handbook of Labor Economics*, pages 1559–1695. Elsevier, 1999.
- David Card. Intertemporal Labor Supply: An Assessment. Working Paper 3602, National Bureau of Economic Research, January 1991.
- Zvi Eckstein and Kenneth I. Wolpin. Dynamic Labour Force Participation of Married Women and Endogenous Work Experience. *The Review of Economic Studies*, 56(3):pp. 375–390, 1989.
- Susumu Imai and Michael P. Keane. Intertemporal Labor Supply and Human Capital Accumulation. *International Economic Review*, 45(2):pp. 601–641, 2004.
- Michael P. Keane and Kenneth I. Wolpin. The Career Decisions of Young Men. *Journal of Political Economy*, 105(3):pp. 473–522, 1997.
- Michael P. Keane, Petra E. Todd, and Kenneth I. Wolpin. The Structural Estimation of Behavioral Models: Discrete Choice Dynamic Programming Methods and Applications. volume 4, Part A of *Handbook of Labor Economics*, pages 331 – 461. Elsevier, 2011.

Donghoon Lee and Kenneth I. Wolpin. Accounting for Wage and Employment Changes in the US from 1968-2000: A Dynamic Model of Labor Market Equilibrium. *Journal of Econometrics*, 156(1):68 – 85, 2010.

Thomas E. MaCurdy. An Empirical Model of Labor Supply in a Life-Cycle Setting. *Journal of Political Economy*, 89(6):pp. 1059–1085, 1981.

Petra E. Todd and Kenneth I. Wolpin. Assessing the Impact of a School Subsidy Program in Mexico: Using a Social Experiment to Validate a Dynamic Behavioral Model of Child Schooling and Fertility. *American Economic Review*, 96(5):1384–1417, September 2006.

### **Family labour supply**

Gary S Becker. *A Treatise on the Family*. Harvard University Press, 1991.

Richard Blundell, Pierre-Andre Chiappori, Thierry Magnac, and Costas Meghir. Collective Labour Supply: Heterogeneity and Non-participation. *The Review of Economic Studies*, 74(2):417–445, 2007.

Marin Browning, Pierre-Andre Chiappori, and Yoram Weiss. *Family Economics*. 2011.

Pierre-André Chiappori. Collective Labor Supply and Welfare. *Journal of Political Economy*, 100(3):pp. 437–467, 1992.

Pierre-Andre Chiappori and Maurizio Mazzocco. Static and intertemporal household decisions. *Journal of Economic Literature*, 55(3):985–1045, September 2017.

George-Levi Gayle and Andrew Shephard. Optimal Taxation, Marriage, Home Production, and Family Labour Supply. Working Paper 2016-010B, Federal Reserve Bank of St. Louis.

Maurizio Mazzocco. Household intertemporal behaviour: A collective characterization and a test of commitment. *The Review of Economic Studies*, 74(3):857–895, 2007.

Maurizio Mazzocco, Claudia Ruiz, and Shintaro Yamaguchi. Labor Supply, Wealth Dynamics, and Marriage Decisions. Technical report, UCLA, 2012.

### **Human Capital and Education**

Joshua D. Angrist and Alan B. Krueger. Does Compulsory School Attendance Affect Schooling and Earnings? *The Quarterly Journal of Economics*, 106(4):pp. 979–1014, 1991.

Orley Ashenfelter and Cecilia Rouse. Income, Schooling, and Ability: Evidence from a New Sample of Identical Twins. *The Quarterly Journal of Economics*, 113(1):pp. 253–284, 1998.

Gary S. Becker. *Human Capital: A Theoretical and Empirical Analysis*. Human behavior and social institutions. National Bureau of Economic Research, 1975.

Jere R. Behrman and Mark R. Rosenzweig. “Ability” Biases in Schooling Returns and Twins: A Test and New Estimates. *Economics of Education Review*, 18(2):159 – 167, 1999.

David Card. The Causal Effect of Education on Earnings. volume 3, Part A of *Handbook of Labor Economics*, pages 1801 – 1863. Elsevier, 1999.

Jacob Mincer. Investment in Human Capital and Personal Income Distribution. *Journal of Political Economy*, 66(4):pp. 281–302, 1958.

Robert J. Willis and Sherwin Rosen. Education and Self-Selection. *Journal of Political Economy*, 87(5):pp. S7–S36, 1979.

### **Job Search**

Bent Jesper Christensen, Rasmus Lentz, Dale T. Mortensen, George R. Neumann, and Axel Werwatz. On the Job Search and the Wage Distribution. *Journal of Labor Economics*, 23(1):31–58, 2005.

C. Flinn and J. Heckman. New Methods for Analyzing Structural Models of Labor Force Dynamics. *Journal of Econometrics*, 18(1):115–168, 1982.

Grégory Jolivet, Fabien Postel-Vinay, and Jean-Marc Robin. The Empirical Content of the Job Search Model: Labor Mobility and Wage Distributions in Europe and the US. *European Economic Review*, 50(4):877–907, 2006.

Alan Manning. *Monopsony in Motion: Imperfect Competition in Labor Markets*. Princeton University Press, 2003.

Gerard J. van den Berg. Nonstationarity in Job Search Theory. *The Review of Economic Studies*, 57(2):255–277, 1990.

Kenneth I. Wolpin. *Empirical Methods for the Study of Labor Force Dynamics*. Fundamentals of Pure and Applied Economics, V. 60. Taylor & Francis, 1995.

Kenneth I. Wolpin. Estimating a Structural Search Model: The Transition from School to Work. *Econometrica*, 55(4):pp. 801–817, 1987.

### **Empirical Equilibrium Job Search**

Naoki Aizawa and Hanming Fang. Equilibrium Labor Market Search and Health Insurance Reform. Working Paper 18698, National Bureau of Economic Research, January 2013.

James W. Albrecht and Bo Axell. An Equilibrium Model of Search Unemployment. *The Journal of Political Economy*, 92(5):824–840, 1984.

Christian Bontemps, Jean-Marc Robin, and Gerard J. van den Berg. An Empirical Equilibrium Job Search Model with Search on the Job and Heterogeneous Workers and Firms. *International Economic Review*, 40(4):1039–1074, 1999.

Christian Bontemps, Jean-Marc Robin, and Gerard J. van den Berg. Equilibrium Search with Continuous Productivity Dispersion: Theory and Nonparametric Estimation. *International Economic Review*, 41(2):305–358, 2000.

Kenneth Burdett and Dale T. Mortensen. Wage Differentials, Employer Size, and Unemployment. *International Economic Review*, 39(2):257–273, 1998.

Peter A. Diamond. A Model of Price Adjustment. *Journal of Economic Theory*, 3(2):156–168, 1971.

Zvi Eckstein and Kenneth I. Wolpin. Estimating a Market Equilibrium Search Model from Panel Data on Individuals. *Econometrica*, 58(4):783–808, 1990.

Costas Meghir, Renata Narita, and Jean-Marc Robin. Wages and Informality in Developing Countries. Working Paper 18347, National Bureau of Economic Research, August 2012.

- Dale T. Mortensen. Unemployment Insurance and Job Search Decisions. *Industrial and Labor Relations Review*, 30(4):pp. 505–517, 1977.
- Dale T. Mortensen. *Wage Dispersion: Why are Similar Workers Paid Differently?* MIT Press, 2003.
- Fabien Postel-Vinay and Jean-Marc Robin. Equilibrium Wage Dispersion with Worker and Employer Heterogeneity. *Econometrica*, 70(6):2295–2350, 2002.
- Andrew Shephard. Equilibrium Search and Tax Credit Reform. Unpublished Manuscript, November 2012.
- Gerard J. van den Berg and Geert Ridder. An Empirical Equilibrium Search Model of the Labor Market. *Econometrica*, 66(5):1183–1221, 1998.

## Minimum Wages

David Card and Alan Krueger. Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania. *The American Economic Review*, 90(5):pp. 1362–1396, 2000.

David Card and Alan B. Krueger. Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania: Reply. *The American Economic Review*, 90(5):pp. 1397–1420, 2000.

Christopher J. Flinn. Minimum Wage Effects on Labor Market Outcomes under Search, Matching, and Endogenous Contact Rates. *Econometrica*, 74(4):pp. 1013–1062, 2006.

Christopher J. Flinn. *The Minimum Wage And Labor Market Outcomes*. MIT Press, 2011.

Alan Manning. *Monopsony in Motion: Imperfect Competition in Labor Markets*. Princeton University Press, 2003.

David Neumark and William Wascher. Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania: Comment. *The American Economic Review*, 90(5):pp. 1362–1396, 2000.

David Neumark and William Wascher. *Minimum Wages*. Mit Press, 2008.

This reading list will be updated as the course progresses and will reflect the topics that we cover in class and as part of assignments.