

Labor Economics II

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The object is to investigate in depth some important topics in labor economics. Students will get a good feel for the areas to be covered by reading the following literature reviews.

Rogerson, R. Shimer, R Wright "Search-Theoretic Models of the Labor Market: A Survey", **JEL** 43 (2005), 959-988.

D.T. Mortensen and C.A. Pissarides "New developments in models of search in the labor market", in O. Ashenfelter and D. Card, eds., **Handbook of Labor Economics**, 3: 2567-2627. Amsterdam: Elsevier Science, 1999.

I will hand out notes at lectures, or put notes on the web.

1. The Basics of Search Economics: One Sided Search

Notes by Randall Wright

Notes by Ken Burdett

2. Equilibrium Labor Market Models

K.Burdett and R Wright, "Two Sided Search with Nontransferable Utility," with R. Wright, **Review of Economic Dynamics**, 1, 1998, 220-245.

Eckstein, Z. and K.I. Wolpin (1990), "Estimating a Market Equilibrium Search Model from Panel Data on Individuals," **Econometrica** 58, 783-808.

Mortensen, D.T. (2003), **Wage Dispersion: Why are Similar People Paid Differently**. Cambridge: MIT Press, 2003.

Burdett, K. and Mortensen, D.T. (1998), "Wage Differentials, Employer Size, and Unemployment," **International Economic Review**, 39: 257-273.

Postel-Vinay, F., and J.-M. Robin (2002a), "The Distribution of Earnings in an Equilibrium Search Model with State-Dependent Offers and Counter-Offeres," **International Economic Review**, 43(4), 989-1016.

Postel-Vinay and J.-M. Robin (2002b), "Equilibrium Wage Dispersion with Worker and Employer Heterogeneity," **Econometrica**, 70(6), 2295-350.

Postel-Vinay and J.-M. Robin (2004), "Optimal wage posting with endogenous worker search intensity", **Review of Economic Dynamics**, 7 (2), 297-330.

3. Search and Contracts

Topel R. H. (1991), "Specific Capital, Mobility, and Wages: Wages Rise with Job Seniority," **Journal of Political Economy**, " 99, 145-175.

Burdett, K and Coles, M.G. (2003), "Equilibrium Wage/Tenure Contracts," **Econometrica**, Vol. 71. No. 5 (Sept.) 1377-1404.

Altonji, J. G. and N. Williams (1995), "The Effects of Labor Market Experience, Job Seniority and Job Mobility and Wage Growth," NBER Working Paper Series 4133.

4. Marriage Markets

Robert Shimer & Lones Smith, 2000. "Assortative Matching and Search," **Econometrica**, Econometric Society, vol. 68(2), pages 343-370, March.

K. Burdett and M Coles, "Marriage and Class," , **Quarterly Journal of Economics**, 1,CXII, February, 1997, 141-168.

K Burdett, M. Dong, L. Sun, and R. Wright, "Marriage, Markets and Money:A Coasian Theory of Household Formation", **International Economic Review**, vol 57, issue 2, 2016.

K. Burdett and M. Coles. "The Simple Analytics of Partnership Formation," **Panel Data and Structural Labour Market Models**, (eds) H. Bunzel et al, North-Holland, Amsterdam, 2000, 261-279. 2

K. Burdett and M Coles., "Implants and Transplants: The Economics of Self Improvement", with M.G. Coles, **International Economic Review**, 2001.