

Rutgers University Department of Economics
Econ 520 Economics of the Labor Market: Fall 2017

Professor Jennifer Hunt
New Jersey Hall 411
(732) 932-8654
jennifer.hunt@rutgers.edu

Class time: MW 2.50-4.10 pm
Class room: Murray Hall 115
Office hours: F 10-11 am

Learning goals

The first half of the course covers the core micro-economics of labor. The second half covers problems confronting the U.S. and other labor markets, some macro-economic in nature. The material covered will be more empirical than theoretical. Fixed effects panel estimation and instrumental variables will be essential econometric procedures that will arise frequently. The course aims both to convey the state of knowledge about labor economics and equip students with the tools to examine future developments critically.

Readings

Most of the articles are linked to the Word version of this document. Parts of the graduate text *Labor Economics* (2nd edition), by Pierre Cahuc, Stéphane Carcillo and André Zylberberg, are relevant for the course, especially for students more interested in theory. The book website has downloadable slides: <http://www.labor-economics.org>. It is also useful to skim through an undergraduate textbook, such as *Labor Economics* by George Borjas, to get an idea of topics not covered in the course.

Assessment

1. Summaries of articles (six)	12%	Due Mondays: 18 Sep; 9, 16, 23 Oct; 13, 27 Nov.
2. Problem sets (three)	15%	Due Mondays: 25 Sep; 30 Oct; 20 Nov.
3. Midterm exam	30%	Wednesday 1 November in class
4. Final exam	35%	
5. Class participation, including oral presentation of a paper	8% 100%	

The summaries should be of empirical articles on the reading list not discussed in class, or of those parts of empirical articles discussed in class that were not discussed. The focus should be on the problems encountered in estimation, the methods used to circumvent the problems, an assessment of whether the methods were successful, and a summary of what was learned. Relevant equations should be given, but don't waste time typing them (but do not cut and paste them either, write them out by hand). The summaries may be in outline or note form and may be hand-written. The articles to be summarized represent the minimum number of articles that should be read by the student.

Class Meetings

I will miss class September 26 and 28: we will make up these classes. I will also be absent the day of the final exam (whenever it is: I will ask for Friday 15 December; I leave on a trip on 14 December).

Integrity

Note Rutgers' integrity policy at academicintegrity.rutgers.edu/policy-on-academic-integrity.

1. Wage determination and human capital

(a) Schooling

Card, David. 1999. "[The Causal Effect of Education on Earnings](#)". In *Handbook of Labor Economics*, vol. 3A. chapter 30.

Angrist, Joshua and Alan Krueger. 1991. "[Does Compulsory School Attendance Affect Schooling and Earnings?](#)" *Quarterly Journal of Economics*, pp. 979-1014.

Maurin, Eric and T. Xenogiani. 2007. "[Demand for Education and Labour Market Outcomes: Lessons from the Abolition of Compulsory Conscriptioin in France](#)". *Journal of Human Resources*, 42 (4) pp. 795-819 (2004 version <http://www.cepr.org/meets/wkcn/4/4537/papers/maurin.pdf>)

(b) Experience and tenure

Lazear, Edward. 2009. "[Firm-Specific Human Capital : A Skill-Weights Approach](#)". *Journal of Political Economy*, 117 (5) pp. 914-940.

Altonji, Joseph and Nicolas Williams. 2005. "[Do Wages Rise With Job Seniority? A Reassessment](#)". *Industrial and Labor Relations Review*, pp.370-397.

Parent, Daniel. 2000. "[Industry-Specific Capital and the Wage Profile: Evidence from the NLSY and the PSID](#)". *Journal of Labor Economics*, pp. 306-323.

Kambourov Gueorgui and Iourii Manovskii. 2009. "[Occupational Specificity of Human Capital](#)". *International Economic Review*, 50 (1) pp. 63-115. <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-2354.2008.00524.x/abstract>

Gathmann, Christina and Uta Schönberg. 2010. "[How General Is Human Capital? A Task-Based Approach](#)". *Journal of Labor Economics*, 28 (1) pp. 1-50.

Woodcock, Simon. 2015. "Match Effects". *Research in Economics*, 69: 100-121. <http://www.sciencedirect.com/science/journal/10909443/69/1?sdc=1>

(c) Unions

DiNardo, John and David Lee. 2004. "[Economic Impacts of Unionization on Private Sector Employers: 1984-2001](#)". *Quarterly Journal of Economics*. pp. 1383-1441.

Frandsen, Brigham R. 2014. "The Surprising Impacts of Unionization: Evidence from Matched Employer-Employee Data". Brigham Young working paper. <https://economics.byu.edu/frandsen/Pages/Papers.aspx>

Lee, David and Alexandre Mas. 2012. "Long Run Impacts of Unions on Firms: New Evidence from Financial Markets, 1961-99," *Quarterly Journal of Economics*, 127 pp. 333-78. <https://academic.oup.com/qje/article/127/1/333/1834007/Long-Run-Impacts-of-Unions-on-Firms-New-Evidence>

2. Labor demand

Hamermesh, Daniel. 1993. [*Labor Demand*](#). Princeton, Princeton University Press.

3. Labor supply

Blundell, Richard and Thomas MaCurdy. 1999. '[Labor Supply: a Review of Alternative Approaches](#)'. In Orley Ashenfelter and David Card eds. *Handbook of Labor Economics*, Volume 3B, chapter 27. Elsevier.

Cesarini, David, Erik Lindqvist, Matthew J. Notowidigdo and Robert Östling. 2015 "The Effect of Wealth on Individual and Household Labor Supply: Evidence from Swedish Lotteries". NBER Working Paper 21762.

Marco Bianchi, Bjorn Gudmundsson and Gylfi Zoega. 2001. "[An Icelandic Natural Experiment in Supply-Side Economics](#)". *American Economic Review*, December, pp. 1564-1579.

4. Wages, wage inequality and employment polarization

a) Wage inequality

Beaudry, Paul, David A. Green and Benjamin M. Sand. 2013. "The Great Reversal in the Demand for Skill and Cognitive Tasks". NBER Working Paper 18901.
http://econ.sites.olt.ubc.ca/files/2013/05/pdf_paper_paul-beaudry-great-reversal.pdf

W. Kopczuk, E. Saez, and Jae Song. 2010. "Earnings Mobility and Inequality in the United States: Evidence from Social Security Data since 1937," *Quarterly Journal of Economics*, 125 (1) pp. 91-128.

Mark Aguiar and Mark Bilal. 2015. "Has Consumption Inequality Mirrored Income Inequality?" *American Economic Review*, 105: 2725-2756.
<http://scholar.princeton.edu/sites/default/files/maguiar/files/aer2e20120599.pdf>

Fortin, Nicole, David A. Green, Thomas Lemieux, Kevin Milligan and W. Craig Riddell. 2012. "Canadian Inequality, Recent Developments and Policy Options". *Canadian Public Policy*, 38 (2) pp. 121-145. http://econ.sites.olt.ubc.ca/files/2013/05/pdf_paper_thomas-lemieux-canadian-inequality-recent.pdf

Bloom, Nick, Mirko Draca and John van Reenen. 2016. "Trade-Induced Technological Trade? The Impact of Chinese Imports on Innovation, IT and Technology." *Review of Economic Studies*, 83 (1): 87-117. <http://restud.oxfordjournals.org/content/83/1/87>

Autor, David, Alan Manning and Christopher L. Smith. 2016. "The Contribution of the Minimum Wage to U.S. Wage Inequality Over Three Decades: A Reassessment". *American Economic Journal: Applied Economics*, 8(1): 58-99.
<https://www.aeaweb.org/articles?id=10.1257/app.20140073>

David Card, Thomas Lemieux and W. Craig Riddell. 2004. “[Unions and Wage Inequality](#)”. *Journal of Labor Research*, Fall 25 (4) pp. 519-62.

Hummels, David, Jakob R. Munch and Chong Xiang. 2016. “Offshoring and Labor Markets”. NBER Working Paper 22041.

b) Polarization of employment

Autor, David. 2014. “Polanyi’s Paradox and the Shape of Employment Growth”.
<http://economics.mit.edu/files/9835>

Goos, Maarten, Alan Manning and Anna Salomons. 2014. “Explaining Job Polarization: Routine-Biased Technological Change and Offshoring”. *American Economic Review*, 104(8): 2509-26.
<https://www.aeaweb.org/articles?id=10.1257/aer.104.8.2509>

Firpo, Sergio, Nicole M. Fortin and Thomas Lemieux. 2013. “Occupational Tasks and Changes in the Wage Structure.” See sakai for 2013 version of this paper.

Mishel, Lawrence, Heidi Shierholz and John Schmitt. 2013. “Don’t Blame the Robots: Assessing the Job Polarization Explanation of Growing Wage Inequality”. Economic Policy Institute Working Paper.
<http://s1.epi.org/files/2013/technology-inequality-dont-blame-the-robots.pdf>

Hunt, Jennifer and Ryan Nunn. 2016. “Why Are Fewer Workers Earning Middle Wages and Is It a Bad Thing?” See sakai.

Acemoglu, Daron and Pascual Restrepo. 2017. “Robots and Jobs: Evidence from US Labor Markets”. NBER Working Paper 23285.

Michaels, Guy, A. Natraj, and John Van Reenen. 2014. “Has ICT Polarized Labor Demand? Evidence from 11 Countries over 25 Years,” *Review of Economics and Statistics*, 96(1)
http://www.mitpressjournals.org/doi/abs/10.1162/REST_a_00366#.Vd8qb7Qn-Jw

c) Wage-productivity gap and labor’s share of national income

Fleck, Susan, John Glaser and Shawn Sprague. 2011. “The compensation-productivity gap: a visual essay”. *Monthly Labor Review*, January. <http://www.bls.gov/opub/mlr/2011/01/art3full.pdf>

Elsby, Michael W. L., Bart Hobijn and Aysegül Sahin. 2013. “The decline in the U.S. labor share”. *Brookings Papers on Economic Activity*
http://www.brookings.edu/~media/Projects/BPEA/Fall-2013/2013b_elsby_labor_share.pdf?la=en

Bridgman, Benjamin. 2014. “Is Labor’s Loss Capital’s Gain? Gross versus Net Labor Shares.” Bureau of Economic Analysis working paper.
<http://bea.gov/papers/pdf/laborshare1410.pdf>

Rognlie, Matthew. 2015. "Deciphering the fall and rise in the net capital share". *Brookings Papers on Economic Activity*
http://www.brookings.edu/~media/projects/bpea/spring-2015/2015a_roggnlie.pdf

Charles, Kerwin Kofi, Erik Hurst and Matthew J. Notowidigdo. 2013. "Manufacturing Decline, Housing Booms, and Non-Employment". <http://www.nber.org/papers/w18949.pdf>

5. Immigration impact

National Academies of Science, Engineering, Medicine. 2016. *The Impact of Immigrants on the American Economy*. National Academies Press, chapters 4 and 5. See sakai.

Ottaviano, Gianmarco I. P. and Peri, Giovanni. 2012. "Rethinking the effect of immigration on wages". *Journal of the European Economic Association*, 10 (1), pp. 152-197.
<http://onlinelibrary.wiley.com/doi/10.1111/j.1542-4774.2011.01052.x/abstract>

Lewis, Ethan. 2011. "Immigration, Skill Mix, and Capital Skill Complementarity". *Quarterly Journal of Economics*, 126 (2) pp. 1029-1069.
<http://qje.oxfordjournals.org/content/126/2/1029.full>

Hunt, Jennifer and Marjolaine Gauthier-Loiselle. 2010. "How Much Does Immigration Boost Innovation?" *American Economic Journal: Macroeconomics*, 2 (2) pp. 417-457.
<http://pubs.acaweb.org/doi/pdfplus/10.1257/mac.2.2.31>

6. Unemployment

(a) General

Elsby, Michael W. L., Bart Hobijn and Aysegül Sahin. 2013. "[Unemployment Dynamics in the OECD](#)". *Review of Economics and Statistics*, 95(20): 530-548.

Blau, Francine and Lawrence Kahn. 1999. "[Institutions and Laws in the Labor Market](#)." In *Handbook of Labor Economics*, vol. 3A. chapter 25. econpapers.repec.org/bookchap/eeclabhes/3.htm

(b) Search and unemployment benefits

Farber, Henry S., Jesse Rothstein and Robert G. Valletta. 2015. "The Effect of Extended Unemployment Insurance Benefits: Evidence from the 2012-2013 Phase-Out". *American Economic Review*, 105(5): 171-176.
<https://www.aeaweb.org/articles?id=10.1257/aer.p20151088>

Petrongolo, Barbara. 2009. "[The long-term effects of job search requirements: Evidence from the UK JSA Reform](#)". *Journal of Public Economics*, 93 pp. 1234-1253. personal.lse.ac.uk/petrongolo/JSA-WP.pdf

Hunt, Jennifer. 1995. "[The Effect of Unemployment Compensation on Unemployment Duration in Germany](#)." *Journal of Labor Economics*, 13 (1) January pp.88-121

Kuhn, Peter and Chris Riddell. 2010. "[The Long-Term Effects of Unemployment Insurance: Evidence from New Brunswick and Maine, 1940-1991](#)". *Industrial and Labor Relations Review*, 63(2) pp. 183-204

(d) Minimum wage, firing costs, payroll taxes

Hirsch, Barry T., Bruce E. Kaufman and Tetyana Zelenska. 2015. "Minimum Wage Channels of Adjustment". *Industrial Relations*, 54(2):199-239.
<http://onlinelibrary.wiley.com/doi/10.1111/irel.12091/epdf>

Kugler, Adriana and Giovanni Pica. 2008. "[Effects of Employment Protection on Job and Worker Flows: Evidence from the 1990 Italian Reform](#)," *Labour Economics*, 15(1): 78-95

Adriana Kugler and Maurice Kugler. "Labor Market Effects of Payroll Taxes in Developing Countries: Evidence from Colombia." *Economic Development and Cultural Change* 57.2 (2009): 335-358. <http://www.jstor.org/stable/10.1086/592864>