

ECO 2801: Labour Economics II
W, 11:00 am-1:00 pm, GE 100
Instructor: Laura Turner
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Office hours: Rm. 204 GE. Stop by any time except R

Evaluation:

- 1) In-class presentation (25 minutes, with a 5 minute question and answer period) of one of the red papers listed below. (25%)
- 2) Participation during the presentations (10%)
- 3) “Referee report” on a different, unpublished, working paper of your own choosing (cleared with me) that is relevant to the course material (25%)
- 4) Exam, covering class notes and the red and black listed readings (40%).

The “referee report” is due the last day before exams (April 9). We will schedule the in-class presentations as we go along, so that they roughly coincide with end of each module of the class.

Schedule (roughly):

The course will be divided into four broad sections / modules. Readings in black font are ones I will cover in class and provide more or less detailed notes on. Readings in red are possible papers for in-class presentations; if nobody chooses a given “red” paper, I will cover it briefly. The modules will be supplemented by material from Cahuc, Carcillo, and Zylberberg’s (2014) textbook *Labor Economics* which you may but don’t need to buy. I will also borrow some material for module 2 from Manning (2003)’s textbook *Monopsony in Motion*. I have a copy you can borrow from me if you like but the notes will suffice.

I. Weeks 1-3: Theory and estimation of individual labor supply

Readings: MaCurdy (1981); Altonji (1986); Pistaferri (2003); Imai and Keane (2004); **Domeij and Floden (2005)**; Chang and Kim (2006); Chetty, Guren, Minoli and Weber (2012); **Chetty (2012)**; **Faberman (2015)**; **Erosa, Fuster and Kambourov (2016)**

II. Weeks 4-5: Wage setting under competition and monopsony

Readings: Burdett and Mortenson (1998); Rogerson, Shimer and Wright (2007); Hall and Krueger (2008); **Burdett, Carrillo-Tudela and Coles (2012)**; **Ransom and Oaxaca (2010)**

III. Weeks 6-8: Wage distributions and technological change

Readings: Card, Lemieux and Riddell (2003); Autor and Dorn (2008); Autor and Acemoglu (2010); Firpo, Fortin and Lemieux (2012); Krugman (2015 – non-technical); Cattan (2013); Haines, Hoffman, and Kambourov (2016)

IV. Weeks 9-12: Household formation and collective labor supply

Readings we will cover: Becker (1985) Chapters 2 and 4; Choo and Siow (2006); Choo (2015); Gause, Jacquemet and Robin (2016); Mazzocco, Yamaguchi and Ruiz (2016); Knowles (2013); Bertrand, Pan, and Kamenica (2015); Blundell, Diaz, Meghir, and Shaw (2016)

Note: depending on how many students take the class for credit, we may need to schedule an extra class at the end of term (week 13) to finish the in-class presentations.

COURSE BIBLIOGRAPHY

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Autor, D. and D. Dorn (2013): "Inequality and Specialization: The Growth of Low-Skill Service Jobs in the United States", *American Economic Review* 103(5): 1553–1597

Becker, G. *A Treatise on the Family: Enlarged Edition*. 1991: Harvard University Press.

Blundell, R, M. Costa Diaz, C. Meghir, and J. Shaw (2016). "Female Labor Supply, Human Capital and Welfare Reform" *Econometrica*, 84(5)

Burdett, K. and J. Mortenson (1998). "Wage Differentials, Employer Size, and Unemployment". *International Economic Review* 39(2), 257-273

Burdett, K, C. Carrillo-Tudela, and M Coles (2011). "Human Capital Accumulation and Labor Market Equilibrium". *International Economic Review* 52(3), 657-677

Caines, C., F. Hoffmann, and G Kambourov (2016). "Complex-Task Biased Technological Change and the Labor Market". University of Toronto, Federal Reserve Board and University of British Columbia working paper

Card, D., T. Lemieux and C. Riddell (2003): "Unions and the Wage Structure", in John T. Addison and Claus Schnabel (eds.) *The International Handbook of Trade Unions*, Cheltenham: Edward Elgar, 2003, 246-92

Cahuc, P., S. Carcillo, and Andre Zylberberg (2014). *Labor Economics: Second Edition*. MIT Press

Cattan, S. (2013). "Psychological traits and the gender wage gap". The Institute for Fiscal Studies Working Paper.

Chang, Y., and S.-B. Kim (2006): "From Individual to Aggregate Labor Supply: A Quantitative Analysis Based on a Heterogeneous Agent Macroeconomy," *International Economic Review*, 47(1), 1–27

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Choo, E. and A Siow (2006). "Who Marries Whom and Why?" *Journal of Political Economy* 14(1), 175-201

Choo, E (2015): "Dynamic marriage matching: An empirical framework". *Econometrica* 83 (4), 1373-1423.

Domeij, D. and M. Floden (2005): "Labour-supply elasticity and borrowing constraints: Why estimates are biased", *Review of Economic Dynamics* (9), 242-262

Erosa, A., L. Fuster and G. Kambourov (2016): "Towards a Micro-Founded Theory of Aggregate Labor Supply", *Review of Economic Studies* 2016

Faberman, J. (2015): "Revisiting the Role of Home Production in Life-Cycle Labor Supply". Chicago Fed working paper

Firpo, S, N Fortin, and T Lemieux (2013): "Occupational Tasks and Changes in the Wage Structure", University of British Columbia working paper

Gousse, M., N. Jacquemet and J.M. Robin (2016): "Marriage, Labor Supply, and Home Production, A Longitudinal Microeconomic Analysis of Marriage, Intra-Household Bargaining and Time Use Using the BHPS, 1991-2008" Working paper.

Hall, R. & A. Krueger (2008): "Wage Formation between Newly Hired Workers and Employers:

Survey Evidence". Princeton University working paper, 534

Knowles, J., (2013): "Why are married men working so much? the macroeconomics of bargaining between spouses." *Review of Economic Studies* 80, 1055-1085

Krugman, P (2015): "Challenging the Oligarchy". *New York Review of Books December 2015 Issue*.

Imai S., and Keane (2004): "Intertemporal Labor Supply and Human Capital Accumulation", *International Economic Review* 45(2), 601-641

Isen, A (2013): "Dying to Know: Are Workers Paid their Marginal Product", Wharton Business School working paper.

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Mazzocco, M., C. Ruiz, and S. Yamaguchi (2007): "Labor Supply, Wealth Dynamics, and Marriage Decisions", working paper

Pan, J., M. Bertrand, and E. Kamenica (2015). Gender identity and relative income within households. *The Quarterly Journal of Economics* 2015, 571-614.

Pistaferri, L (2003): "Anticipated and Unanticipated Wage Changes, Wage Risk, and Intertemporal Labor Supply", *Journal of Labor Economics* 21(3)

Ransom, M. And R. Oaxaca (2010): "New Market Power Models and Sex Differences in Pay" *Journal of Labor Economics* 28(2), 267-289

Rogerson, R., R. Shimer and R, Wright (2007): "Search-Theoretic Models of the Labor Market: A Survey", *Journal of Economic Literature* 43(4), 959-998