This course provides an introduction to some of the main research questions in labor economics at the graduate level. Meetings consist of a combination of lectures and student presentations.

**EVALUATION** in the course will have three components:

1. **Reports and Presentations on Individual Journal Articles (40%).** During the quarter you will be asked to present one or two journal articles to the class. These are generally newer, empirical articles; I have indicated the ones I’m especially interested in having presented this year with the ► symbol. Notice that many of these articles aren’t published yet: while I have attempted to provide references and links to the latest versions of these papers, please check—for example by separately googling► symbol─to make sure you are presenting the most recent version.

   One week after your presentation, your written report based on the article is due in class. Your article report (and your class presentation) should contain:

   - a concise statement of the author’s main goals in writing the paper
   - a brief summary of how the author goes about achieving those goals (methods, data, etc.)
   - a list of critiques, praise, or questions you have regarding the adequacy of the methodology
   - the bottom line: are you convinced that the author has achieved his/her goals? Why or why not?

   Article reports are like referee reports you will write one day for journal editors to assess your colleagues’ research. I will distribute some sample referee reports I have written to give you an idea of what these look like. Referee reports for journals are typically one to three pages single-spaced but that does not mean they are not the result of a great deal of thought. I will accept slightly longer reports from you: up to eight pages, double-spaced but no more please. Please double-space them so I can write comments/editing suggestions on them more easily. Together, your class presentation and written report will contribute 30 percent towards your grade. Both content and style/grammar matter for the written report.

2. **Literature survey paper (30%).** Starting in the second half of the quarter you will begin writing a critical, synthetic review of a literature of your choice. This literature can be the papers surrounding one or both of the papers you present in the course, or a different literature of your choice. If you choose a literature that’s unrelated to the papers you presented, please have your topic pre-approved by me. One week after the end of class, (at noon, Thursday March 22) you will email me in pdf format a writeup of this review that incorporates the comments and suggestions you received during your presentation. Your paper should include a discussion of how the state of knowledge in this area might be advanced by research in the future. In addition to the usual resources, you may find the article bank on the course website and the TIPS at the end of this document helpful, especially to track down the intellectual ‘heritage’ of the papers in this syllabus. Again, please double-space the paper. The references should be in AER format, and your paper should have an abstract.

3. **Take Home Final (30%).** During the quarter a number of simple theoretical models will be presented. Experience shows that students don’t really understand these models unless they actually work with them on their own. Thus, to help you understand the models I will periodically distribute practice problems. These will not be handed in or graded, but I will post answers to them and you should compare your answers to mine carefully. In our second-to-last class (on Tuesday, March 13) I will distribute a take-home final containing questions very similar to the practice problems. You will have until our next class on Thursday March 15 to work out and write up the answers to these problems. During this period you are free to consult any sources you wish, and to consult with your fellow students. However each student must write up and hand in his/her own version of their answers and will be graded individually.

**TOPICS AND READINGS** are summarized below. Specific articles to be presented by students will typically be arranged a couple of classes ahead of time, and listed in the online class schedule. Finally, students who have not taken any undergraduate labor economics will benefit, from time to time, from a peek at the relevant sections of any undergraduate labor economics textbook, such as the latest edition of Borjas, Labor Economics. For certain topics (such as behavioral labor supply) my own textbook, Personnel Economics, will be more helpful.
A. THE SUPPLY OF LABOR

Static Labor Supply

Theory: see class notes


Dynamic Labor Supply

Theory: see class notes, and:


Income Effects:


Daily Labor Supply--Case Studies


Incentive Effects of Taxes and Income Support Programs

Theory:


Direct effects


General Equilibrium Effects


► Rafael Lalive, Camille Landais and Josef Zweimüller. Market Externalities of Large Unemployment Insurance Extension Programs American Economic Review, Dec 2015

B. THE SUPPLY OF EFFORT

Principal-Agent Models

Theory: see class notes


Efficiency wage models


Behavioral effects on effort supply

Intrinsic Motivation


Ariely, Dan; Kamenica, Emir; Prelec, Drazen. “Man's Search for Meaning: The Case of Legos” *Journal of Economic Behavior and Organization*, vol. 67, no. 3-4, September 2008, pp. 671-77

Arousal

Ariely, Dan; Gneezy, Uri; Loewenstein, George; Mazar, Nina. “Large Stakes and Big Mistakes” *Review of Economic Studies*, vol. 76, no. 2, April 2009, pp. 451-69

Reference points and loss aversion


Ronald Fryer, Jr., Steven Levitt, John List, and Sally Sadoff. Enhancing the Efficacy of Teacher Incentives Through Loss Aversion: A Field Experiment" NBER Working Paper No. 15237

►Chen, Daniel and John Horton. “Are Online Labor Markets Spot Markets for Tasks?: A Field Experiment on the Behavioral Response to Wage Cuts” unpublished paper, NYU.

Self control


Reciprocity and Inequity Aversion (between principals and agents):


Fairness between Workers


Cullen, Zoe B. and Bobby Pakzad-Hurson “Equilibrium Effects of Pay Transparency” unpublished paper, Harvard University, September 12, 2017

Agency with Multiple Workers– Tournaments

Theory


Evidence


Agency with Multiple Workers– Teams


► Falk, Armin, Ernst Fehr and Urs Fischbacher. “Driving Forces behind Informal Sanctions” *Econometrica*, Vol. 73, No. 6 (November, 2005), 2017-2030


### Agency with Multiple Tasks


Omar Al-Ubaydli, Steffen Andersen, Uri Gneezy, John A. List. “Carrots that Look Like Sticks: Toward an Understanding of Multitasking Incentive Schemes” #18453


### Multiperiod Agency Problems: Timing Gaming, Career Concerns and Ratchet Effects


### C. LABOR DEMAND AND MARKET EQUILIBRIUM

#### Static Labor Demand

Theory: see class notes

#### Minimum Wages


► Andrews, Isaiah and Maximilian Kasy. “Identification of and Correction for Publication Bias” NBER working paper no. 23298


Dynamic Labor Demand

Theory: see class notes


► Giroud, Xavier, and Holger Müller. Firm Leverage, Consumer Demand, and Employment Losses during the Great Recession forthcoming, Quarterly Journal of Economics.


Some Simple Labor Market Models

Theory: see class notes


Effects of Immigration

Theory and Overviews


Evidence--Marielitos


Other Evidence


►Beaudry, Paul, David A. Green, Benjamin M. Sand. (2014) In Search of Labor Demand NBER working paper no. 20568


D. WAGE DIFFERENTIALS BETWEEN JOBS AND WORKERS

Compensating Differentials

Theory: see class notes


Search and Matching

Theory


Empirical Search and Matching


Modestino, Alicia Sasser, Daniel Shoag and Joshua Balance, “Upskilling: Do Employers Demand Greater Skill When Workers Are Plentiful?” 2015

Ioana Marinescu and Ronald Wolthoff. 2015 “Opening the Black Box of the Matching Function: The Power of Words” unpublished paper, University of Chicago. [pdf]


Faberman, R. Jason and Andreas I. Mueller, Aysegül Sahin, Giorgio Topa: “Job Search Behavior among the Employed and Non-Employed” IZA DP No. 10960

Manning, Alan and Barbara Petrongolo. How Local Are Labor Markets? Evidence from a Spatial Job Search Model AER 2017


Zimmerman, Seth D. ”Making the One Percent: The Role of Elite Universities and Elite Peers” Unpublished paper, University of Chicago.

Banfi, Stefano, and Benjamin Villena-Roldan (2017) Do High-Wage Jobs Attract more Applicants? Directed Search Evidence from the Online Labor Market University of Chile, working paper.

Belot, Michelle, Philipp Kircher and Paul Muller (2016) “Providing Advice to job Seekers at Low Cost: An Experimental Study on Online Advice” CEPR Discussion Paper No. DP10967,


Employer Learning Models

Theory


**Evidence**


► Sorensen, Jeff. *Layoff rules, the cost of job loss, and asymmetric employer learning* unpublished paper, UC Berkeley

**Specific Human Capital**


Chris Robinson. Occupational Mobility, Occupation Distance and Specific Human Capital” unpublished paper, University of Western Ontario, August 2011


**Discrimination**

**Taste-based models**


**Statistical Models and Self-Confirming Beliefs**


Heyes, Anthony and, John A. List “Supply and Demand for Discrimination: Strategic Revelation of Own Characteristics in a Trust Game” NBER working paper no. 21953 (Feb. 2016)


**Implicit (unconscious) discrimination**


►Feld, Jan, Nicolás Salamanca and Daniel S. Hamermesh. “Endophilia or Exophobia: Beyond Discrimination”. NBER working paper no 19471 (LS)


**Explicit Discrimination (“Labor Market Profiling”)**


Delgado Helleseter, Miguel, Peter Kuhn and Kailing Shen. “Age and Gender Profiling in the Chinese and Mexican Labor Markets: Evidence from Four Job Boards” [PDF]

Kuhn, Peter and Kailing Shen Gender-Targeted Job Ads in the Recruitment Process: Evidence from China" (with Kailing Shen) [PDF]

Other evidence


Neumark, David. “Detecting Discrimination in Audit and Correspondence Studies” *Journal of Human Resources* Fall 2012 vol. 47 no. 4 1128-1157 doi: 10.3368/jhr.47.4.1128


Ge, Yanbo, Christopher R. Knittel, Don MacKenzie, and Stephen Zoepf “Racial and Gender Discrimination in Transportation Network Companies” NBER working paper no. 22776 (October 2016)


Bertrand, Marianne and Esther Duflo. 2016. “Field Experiments on Discrimination” NBER working paper no. 22014


Policies


Doleac, Jennifer L. and Benjamin Hansen. “Does "Ban the Box" Help or Hurt Low-Skilled Workers? Statistical Discrimination and Employment Outcomes When Criminal Histories are Hidden” NBER Working Paper No. 22469, July 2016


**Gender Gaps in the Labor Market**

*Overviews*


*Human Capital and Career Interruptions*


► Baker, Michael and Kirsten Cornelson. “Gender Based Occupational Segregation and Sex Differences in Sensory, Motor and Spatial Aptitudes” unpublished paper, University of Toronto 2016


*Monopsonistic Discrimination*


*Bargaining*


► Card, David, Ana Rute Cardoso, and Patrick Kline  "Bargaining, Sorting, and the Gender Wage Gap: Quantifying the Impact of Firms on the Relative Pay of Women"

*Employer, Customer, Co-worker Tastes and Implicit Discrimination*


Workers’ own tastes


Other ideas and evidence


Marianne Bertrand, Emir Kamenica, and Jessica Pan. *Gender Identity and Relative Income within Households* *Quarterly Journal of Economics* published 29 January 2015, 10.1093/qje/qjv001

► Linda Babcock, Lise Vesterlund and Laurie Weingart. 2015 “Breaking the Glass Ceiling with ‘No’: Gender Differences in Declining Requests for Non-Promotable Tasks” unpublished paper, University of Pittsburgh

► Egan, Mark L., Gregor Matvos, and Amit Seru “When Harry Fired Sally: The Double Standard in Punishing Misconduct” NBER working paper no. 23242


Current Labor Market Trends

► Autor, David, David Dorn, Lawrence F. Katz, Christina Patterson, and John Van Reenen. “Concentrating on the Fall of the Labor Share” NBER working paper no. 23108.


► Smith, Matthew, Danny Yagan, Owen M. Zidar, and Eric Zwick *Capitalists in the Twenty-First Century*


Some Recent Methodological Developments

Zhuan Pei, Joern-Steffen Pischke, Hannes Schwandt/ “Poorly Measured Confounders are More Useful on the Left Than on the Right” NBER working paper no. 23232

Andrews, Isaiah and Emily Oster. “Weighting for External Validity” NBER working paper no. 23826

See also the recent review papers in *Journal of Economic Perspectives* Vol. 31, Issue 2 -- Spring 2017.
SOME TIPS ON FINDING ECONOMICS ARTICLES FOR YOUR LITERATURE REVIEW:

Some of the best, recent research (especially on applied as opposed to theoretical topics), search the NBER working papers.

For recent working papers specifically in labor economics, check out the IZA working papers. (It does not appear to be possible to link directly to the working papers section of this site; you need to click thru the “publications”, then “discussion paper series” links).

If you have a found an interesting article and want to see what has been written that’s closely related to that article since it was published (this is especially important to do for any article published more than 2 or 3 years ago!), you should follow the citation trails using the Web of Science. In Web of Science, first find the article using the info you have. To see other articles that have cited this one, click “create citation report”, then “view citing articles”, look at these, and on you can go…..

Some of the above resources require you either to be on campus, or to be connected to the campus by VPN.