Labour Economics tutorials Hilary Term 2014

Week 1 – Labour supply and demand

*Why do people retire? What accounts for differences in patterns of retirement from the labour force over time or between countries?*

**Reading**

The core reading on labour supply and demand is relevant for this topic. The textbooks cover extra material on retirement as part of their treatment of labour supply decisions. In addition, the below chapter is very useful.

Lumsdaine, R. and Mitchell, O. (1999), “New Developments in the Economic Analysis of Retirement”, in Handbook of Labour Economics, edited by O. Ashenfelter and D. Card, volume 3, pp. 3261–3307, London: Elsevier.

**Additional reading**

OECD (2011) Pensions at A Glance, Part I chapters 2-4, available online: <http://www.oecd-ilibrary.org/docserver/download/8111011e.pdf?expires=1381499553&id=id&accname=guest&checksum=F966E40596794AEB0F47FFACA3440F73>

Schirle, T. (2008), Why Have the Labor Force Participation Rates of Older Men Increased since the Mid-1990s?, *Journal of Labor Economics*, 26(4): 549–594.

Siebert and Heywood, (2009), “Understanding the labour market for older workers: a survey”, IZA discussion paper: <http://www.econstor.eu/dspace/bitstream/10419/35777/1/594542448.pdf>

Week 2 – Minimum wages

*Minimum wages tend to be lower than so-called “living wages”. Evaluate the consequences of a proposal to increase the former to the level of the latter.*

**Reading**

Manning, A, (2003) Monopsony in Motion, OUP, Chapter 12.

Neumark, D, Salas, J. M. I, and Wascher, W, (2013), “Revisiting the Minimum Wage-Employment Debate: Throwing Out the Baby with the Bathwater?”, NBER Working Paper No. 18681, available online: <http://www.nber.org/papers/w18681>

Schmitt, J, (2013), “Why Does the Minimum Wage Have No Discernible Effect on Employment?”, available online: <http://www.cepr.net/documents/publications/min-wage-2013-02.pdf>

**Additional reading**

Card, D. & Krueger, A. Myth and Measurement, Princeton University Press, 1995, especially Chapters 1, 11 and 12.

Living wage background:

<http://www.bbc.co.uk/news/business-20204594>

<http://livingwage.mit.edu/>

Week 3 – Education and training

*How does education increase an individual’s earnings? How could one empirically test this?*

OR

*Should governments subsidise workplace training?*

**Reading**

Card (1999) from the reading list is relevant and important for the first question question but tough going at points. See also:

Chevalier, A, Harmon, C, Walker, I, and Zhu, Y, (2004), Does Education Raise Productivity or Just Reflect it?, *Economic Journal* 114 pp 499-517.

The core reading covers issues of returns to training investment (see the papers by Blundell et al and in particular) which are relevant to the second question, but cannot answer the question alone. You may also want to look at:

Stevens, M, (2001), Should Firms Be Required to Pay for Vocational Training?, *Economic Journal*, 111(473).

**Additional reading**

Wolf, A, (2002), ‘Does Education Matter?’, chapters 2, 4 and 5. London: Penguin

Week 4 – Discrimination

*"Discrimination against women in the labour market is likely to persist for far longer than discrimination against racial minorities". Discuss.*

**Reading**

A textbook treatment of discrimination covers the basics of the topic. Try to illustrate your answers with recent data. In addition, have a look at the following discussions of theory:

Arrow, K, (1998), What Has Economics to Say About Racial Discrimination? *Journal of Economic Perspectives*, 12(2).

Bertrand, M, Chugh, D, and Mullainathan, S, (2005), Implicit Discrimination, American Economic Review, 95(2).

Cornell, B. & Welch, I. (1996), Culture, Information and Screening Discrimination, *Journal of Political Economy*, 104(3).

**Additional reading**

Blau, F, and Kahn, L, (2000), Gender Differences in Pay, *Journal of Economic Perspectives*. 14(4), pp 75-99.

Blau, D, and Kahn, L. (2003), Understanding International Differences in the Gender Pay Gap, *Journal of Labor Economics*, 21(1).

Fryer , R, Pager, D and Spenkuch, J, (2013), Racial Disparities in Job Finding and Offered Wages, *Journal of Law and Economics*, vol. 56(3), pp 633 – 689, earlier version available online: <http://www.nber.org/papers/w17462.pdf>

**Week 5 - Immigration**

*What does immigration do to the distribution of earnings? Illustrate your answer with reference to a particular country.*

**Reading**

The papers by Card and Borjas from the core reading list are useful for the topic on immigration. In addition to those two empirical studies, have a look at the following:

Dustmann, C., A. Glitz, and T. Frattini (2008), The Labour Market Impact of Immigration, *Oxford Review of Economic Policy* 24, no. 3 (2008).

Card, D (2009), Immigration and Inequality, *The American Economic Review*, 99(2): 1–21

Borjas, G J (2013), Immigration and the American Worker: A Review of the Academic Literature, Center for Immigration Studies, April, available online: <http://www.hks.harvard.edu/fs/gborjas/publications/popular/CIS2013.pdf>

**Additional reading**

Battisti, M, Felbermayr, G, Peri, G and Poutvaara, P, (2014), Immigration, Search, and Redistribution: A Quantitative Assessment of Native Welfare, NBER Working Paper 20131.

Ottaviano, G I P and G Peri (2012), Rethinking the Effect of Immigration on Wages, *Journal of the European Economic Association*, 10(1): 152–197.

Week 6 – Unions

*What do unions do?*

**Reading**

The suggested course reading list is more than sufficient for a good answer on this. I highly recommend the Booth book for both theoretical and empirical discussions above the separate journal articles

**Additional reading**

Visser, J, and Checchi, D, (2011) ‘Inequality and the labour market: unions’ (chapter 10) in Salverda, W, Nolan, B, Smeeding, T, The Oxford Handbook of Economic Inequality, OUP, Oxford.

Bryson, A. & Freeman, R. (2006), Working Needs and Voice in the US and the UK, NBER Working Paper No. 12310

Blanchflower, D, and Bryson, A, (2004), What Effect Do Unions Have on Wages Now and Would Freeman and Medoff Be Surprised? *Journal of Labor Research*, 25(3), available online: <http://www.dartmouth.edu/~blnchflr/papers/what%20do%20unions%20do.pdf>

Week 7 – Unemployment

*Has the Great Recession of 2008-9 permanently changed trends in unemployment across the OECD?*

**Reading**

The paper by Ball from the reading list is important for this topic. Theoretical treatment is best given by the Carlin and Soskice textbook rather than the usual course textbooks. Note that you won’t find an answer to this question in the reading, as it is largely predictive – you’ll need to speculate based on the theoretical and empirical material provided. Also read:

Nickell, S., Nunziata, L. & Ochel, W, (2005), Unemployment in the OECD since the 1960s, *Economic Journal*.

Amable, B. & Mayhew, K (2011), Unemployment in the OECD, *Oxford Review of Economic Policy* 27 (2)

**Additional reading**

Nickell, S. (1997), Unemployment and Labour Market Rigidities: Europe Versus North America, *Journal of Economic Perspectives*, 11(3).

O’Shaughnessy, T, (2011), "Hysteresis in unemployment", *Oxford Review of Economic Policy* 27.

Pissaridies, C, (2013), Unemployment in the Great Recession, CEP Working Paper No.1210, available online: <http://cep.lse.ac.uk/pubs/download/dp1210.pdf>

Week 8 – Skill-biased technical change and earnings inequality

*Does technology increase the demand for skill? Does this offer a satisfactory explanation for wage inequality.*

**Reading**

The papers by Machin and Van Reenen, Goos and Manning, Autor and Dorn, and Lemieux from the course reading list are most relevant for this topic.

**Additional reading**

Mishel, L, Schmitt, J, and Shierholz, H, (2013), Assessing The Job Polarization Explanation Of Growing Wage Inequality, conference paper available online: <http://emlab.berkeley.edu/users/webfac/moretti/e251_s13/mishel.pdf> (See also report for EPI: <http://www.epi.org/publication/technology-inequality-dont-blame-the-robots/>)

McDermott, J, (2014), Is Technology Set to Steal Your Job?, *Prospect Magazine,* April.

(Note: the above summarises a lot of recent literature, such as the below references:

Brynjolfsson, E, and McAfee, A, (2014), The Second Machine Age: Work, Progress, and Prosperity in a Time of Brilliant Technologies.

Cowen, T, (2013), Average is Over: Powering America Beyond the Age of the Great Stagnation, Dutton Books.

Frey, C, and Osborne, M, (2013), The Future of Employment: How Susceptible Are Jobs to Computerization?’ – available online: <http://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf>)