

Econ 521 - Labor Markets
Fall 2010
Tuesday, Thursday 11:00 – 12:20
274 Heady Hall

Peter F. Orazem

Office Hrs: Tuesday-Thursday: 12:30-2:00 unless we have a seminar. Feel free to drop by the office or make an appointment at other times.

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Objective:

This course aims to review theoretical and econometric methods used in current research in labor economics. There are many more topics and papers than we can possibly cover in the course, so please feel free to request specific topics that you would like covered. Econ Lit lists 84,045 journal articles under the key word “labor” and 22,048 with the key words “human capital”. I will be happy to review additional materials with you outside of class. By the end of the course, I would hope that you would feel comfortable designing your own study of labor market issues. I would also hope that you could read someone else's work and evaluate where the work could be improved.

Evaluation:

There will be two take-home assignments where you will be asked to design a study of a particular labor economics issue. You will be asked to define the hypotheses you would wish to test, the methods you would employ to test the hypotheses, and the data that would be necessary to carry out the tests. This would be the same process you would need to go through were you to be writing a grant proposal, designing personnel strategy for a firm, or developing government policy. You will be asked to evaluate the research design of one of your colleagues and suggest improvements. There may be some other short assignments that will not be graded.

The course will end with a take-home final. You will receive the exam on Friday December 10. It will be due at noon on Thursday December 16. Earlier submission of exams will be welcome.

The grade distribution will be as follows:

Homework/Participation: 50%

Final: 50%

Expectations:

You are expected to come to class prepared, to be able to discuss the material, to ask questions that I may or may not be able to answer, and to complete the assignments.

Miscellaneous:

You should start attending departmental seminars to find out what types of projects people are working on in the department and elsewhere. There will be many good talks this spring.

Many of you are at or near the time of your program when you will be selecting a research topic or designing your study. Feel free to ask me for reactions, ideas, literature, data sets, or possible committee members, even if the topic is not in labor economics.

Textbooks on Reserve:

There are no required texts. We will rely on readings. The bolded books are on reserve at the Parks Library. The *Handbook of Labor Economics* is also available in the reference section of the Parks Library. The journal papers are generally available on-line or at the library.

Ashenfelter, Orley and Richard Layard, eds., *Handbook of Labor Economics, Vols. 1 and 2*. Amsterdam: North-Holland. 1986.

Ashenfelter, Orley and David Card eds., *Handbook of Labor Economics, Vols. 3A-C*. Amsterdam: North-Holland. 1999.

Becker, Gary. *The Economics of Discrimination, 2nd ed.* Chicago: University of Chicago Press. 1971.

Becker, Gary S. *Human Capital: A Theoretical and Empirical Analysis with Special Reference to Education, 3rd edition*. Chicago: University of Chicago Press. 1993

Cahuc, Pierre and André Zylberberg. 2004. *Labor Economics* Cambridge, MA: MIT Press.

Hamermesh, Daniel. *Labor Demand*, 1993, Princeton University Press

Lazear, Edward P. *Personnel Economics*. Cambridge, MA: MIT Press. 1995.

Pissarides, Christopher A. *Equilibrium Unemployment Theory, 2nd edition* Cambridge MA: The MIT Press. 2000.

Undergraduate text for background reading:

Ehrenberg, R., and R. Smith. *Modern Labor Economics: Theory and Public Policy*. 9th edition. Reading, MA: Addison Longman Wesley, 2006.

I. Production Functions and the Derived Demand for Factors

A. Labor in Two Dimensions, Cobb-Douglas Methods, and Short-run Labor Demand

Cobb, Charles W. and Paul H. Douglas. "A Theory of Production." *American Economic Review* 18(1) (March 1928): 139-165.

Douglas, Paul H. *The Theory of Wages* New York: The MacMillan Company. 1934

Golub, Stephen and Chang-Tai Hsieh.. " Classical Ricardian Theory of Comparative Advantage Revisited." *Review of International Economics* (May 2000): 221-234.

Orazem, Peter F. "Empirical Isoquants and Observable Optima: Cobb and Douglas at Seventy." *Review of Agricultural Economics* 20 (Fall/Winter 1998):489-501.

Ehrenberg and Smith, Chapters 3 and 4 with Appendix.

U.S. Bureau of Labor Statistics. *International Comparisons of Manufacturing Productivity and Unit Labor Cost Trends* <http://www.bls.gov/news.release/prod4.toc.htm>

Hellerstein, Judith H. , David Neumark and Kenneth R. Troske. "Wages, Productivity and Worker Characteristics: Evidence for Plant-Level Production Functions and Wage Equations." *Journal of Labor Economics* 17 (July 1999):409-446.

B. Earnings Functions

Mincer, Jacob. *Schooling, Experience and Earnings*, 1974

Hirsch, Barry T. "Wage Gaps Large and Small." *Southern Economic Journal* 74(4) (April 2008): 914-933.

Black, Dan, Natalya Kolesnikova and Lowell Taylor. "Earnings Functions When Wages and Prices Vary by Location." *Journal of Labor Economics* 27(1) (January 2009):21-48.

Propper, Carol and John Van Reenen. 2010. "Can Pay Regulation Kill? Panel Data Evidence on the Effect of Labor Markets on Hospital Performance." *Journal of Political Economy* 118(2): 222-273.

C. Application: Economics of Discrimination

Becker, G. The Economics of Discrimination, 1957, Chapters 1-3.

Aigner, D. J., and G. G. Cain. "Statistical Theories of Discrimination in Labor Markets." *Industrial and Labor Relations Review*, January 1977, 175-87.

Altonji and Blank. "Race and Gender in the Labor Market." in Ashenfelter and Card eds. *Handbook of Labor Economics* Vol 3C, Chapter 48. 1999.

Ehrenberg and Smith, Chapter 12.

Holzer, Harry and David Neumark. "Are Affirmative Action Hires Less Qualified? Evidence for Employer-Employee Data on New Hires." *Journal of Labor Economics* 17 (July 1999):534-569.

Hellerstein, Judith K., David Neumark and Kenneth R. Troske. "Market Forces and Sex Discrimination." *Journal of Human Resources* .37 (Spring 2002): 353-380.

Bertrand, Marianne and Sendhil Mullainathan. "Are Emily and Greg More Employable Than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination." *American Economic Review* 94(4) (September 2004): 991-1013.

Heckman, James J. 1998. "Detecting Discrimination." *The Journal of Economic Perspectives* 12 (Spring): 101-116.

Pinkston, Joshua C. 2006. "A Test of Screening Discrimination with Employer Learning." *Industrial and Labor Relations Review* 59 (January): 267-284.

Arai, M., & Thoursie, P. S. (2009). Renouncing personal names: An empirical examination of surname change and earnings. *Journal of Labor Economics* (27): 127-147.

D. Primal Methods, Substitution, and the Derived Demand for Labor

Allen, R.G.D., Mathematical Analysis for Economists. Sections 10.8, 11.8, 12.7-12.9, 13.7, 14.8, 19.4-19.6.

Hicks, J. R., Theory of Wages. Chapters 1-6, and especially, the Appendix on pp. 233-247.

Varian, H., Microeconomic Analysis. Chapter 1.

Ferguson, C., The Neoclassical Theory of Production and Distribution. Chapters 4, 5, 6, and pp. 235-239.

Cahuc, Pierre and André Zylberberg. Chapter 4.

Hamermesh, Chapters 2,3

Dunne, Timothy, Lucia Foster, John Haltiwanger and Kenneth R. Troske. "Wage and Productivity Dispersion in United States Manufacturing: The Role of Computer Investment." *Journal of Labor Economics* (April 2004): 397-430.

Moretti, Enrico. "Workers' Education, Spillovers, and Productivity: Evidence from Plant-level Production Functions." *American Economic Review* (June 2004): 656-690.

Huang, Tzu-Ling, J. Arne Hallam, Peter F. Orazem and Elizabeth Paterno, "Empirical Tests of Efficiency Wage Models," *Economica* 65 (February 1998):125-143.

Schmitz, James A. "What Determines Productivity? Lessons from the Dramatic Recovery of the U.S. and Canadian Iron Ore Industries Following Their Early 1980s Crisis." *Journal of Political Economy* (June 2005):582-625.

Caselli, Francesco and Wilbur John Coleman II. "The World Technology Frontier." *American Economic Review* 96 (March 2006): 499-522.

Greenstone, Michael, Richard Hornbeck, and Enrico Moretti. 2010. "Identifying Agglomeration Spillovers: Evidence from Winners and Losers of Large Plant Openings." *Journal of Political Economy* 118(3):536-598.

Glaeser, Edward L. and Joshua Gottlieb. 2009. "The Wealth of Cities: Agglomeration Economies and Spatial Equilibrium in the United States." *Journal of Economic Literature* 47(4):983-1028

E. Dual Methods

Binswanger, H., "A Cost Function Approach to the Measurement of Elasticities of Factor Demand and Elasticities of Substitution." *American Journal of Agricultural Economics*, (May, 1974): 371-386.

Ollinger, Michael, James M. MacDonald and Milton Madison. Technological Change and Economies of Scale in U.S. Poultry Processing." *American Journal of Agricultural Economics* (February 2005): 116-129.

Adams, James D. "The Structure of Firm R&D, the Factor Intensity of Production, and Skill Bias." *Review of Economics and Statistics* August 1999

F. Ad hoc? Specifications

Card, David and Thomas Lemieux. "Can Falling Supply Explain the Rising Return to College for Younger Men? A Cohort-Based Analysis." *Quarterly Journal of Economics*. 116 (May 2001): 705-746.

Berman, Eli, John Bound, and Zvi Griliches. "Changes in the Demand for Skilled Labor Within U.S. Manufacturing: Evidence from the Annual Survey of Manufacturers." *Quarterly Journal of Economics* (May, 1994): 367-397.

Allen, Steven G. "Technology and the Wage Structure." *Journal of Labor Economics* 19 (April 2001):440-483..

Hanson, Gordon H. "Illegal Migration from Mexico to the United States." *Journal of Economic Literature* 44 (December 2006): 869-924

G. Trends in Inequality

Autor, David H., Lawrence Katz and Melissa S. Kearney. "Trends in U.S. Wage Inequality: Revising the Revisionists." *The Review of Economics and Statistics* 90(2) (May 2008): 300-323.

Cahuc, Pierre and André Zylberberg. Chapter 10.

Ehrenberg and Smith, Chpt. 15

Acemoglu, Daron. "Technical Change, Inequality, and the Labor Market." *Journal of Economic Literature* 40(March 2002): 7-72.

Katz, Lawrence and David H. Autor. "Changes in the Wage Structure and Earnings Inequality." in Ashenfelter and Card eds. *Handbook of Labor Economics Vol 3A, Chapter 26*.1999.

Lemieux, Thomas. "Increasing Residual Wage Inequality: Composition Effects, Noisy Data, or Rising Demand for Skill?" *American Economic Review* 96 (March 2006): 461-498.

Card, David and John E. DiNardo. "Skill-Biased Technological Change and Rising Wage Inequality: Some Problems and Puzzles." *Journal of Labor Economics* 20 (October 2002): 733-783.

Murphy, Kevin M., and Finis Welch. "The Structure of Wages." *Quarterly Journal of Economics* 107 (February 1992): 215-326.

Blau, Francine D., and Lawrence M. Kahn. "Do Cognitive Test Scores Explain Higher U.S. Wage Inequality?" *The Review of Economics and Statistics* 87(1):184-193.

Lawrence F. Katz and Kevin M. Murphy 1992. "Changes in Relative Wages, 1963-1987: Supply and Demand Factors." *The Quarterly Journal of Economics* 107(1): 35-78

Juhn, Chinhui, Kevin M. Murphy, and Brooks Pierce. "Wage Inequality and the Rise in Returns to Skill." *Journal of Political Economy* 101 (June 1992): 410-442.

Autor, David H., Lawrence F. Katz, Alan B. Krueger. "Computing Inequality: Have Computers Changed the Labor Market?" *The Quarterly Journal of Economics* 113(4):1169-1213.

H. Evaluating Demand-Side Policies

David Neumark. "Alternative Labor Market Policies to Increase Economic Self-Sufficiency: Mandating Higher Wages, Subsidizing Employment, and Raising Productivity." *IZA Discussion Paper No. 3355* February 2008.

Cahuc, Pierre and André Zylberberg. Chapter 12.

Chemin, Matthieu and Etienne Wasner. "Using Alsace-Moselle Local Laws to Build Difference-in-Differences Estimation Strategy of the Employment Effects of the 35-Hour Workweek Regulation in France." *Journal of Labor Economics* 27(4) (October 2009):487-524.

Autor, David "Outsourcing at Will: The contribution of Unjust Dismissal Doctrine to the Growth of Employment Outsourcing." *Journal of Labor Economics* January 2003.

Trejo, Stephen J. "Does the Statutory Overtime Premium Discourage Long Workweeks?" *Industrial and Labor Relations Review* April 2003.

Stephen Nickell, Luca Nunziata, Wolfgang Ochel (2005) "Unemployment in the OECD Since the 1960s. What Do We Know?" *The Economic Journal* 115 (500), 1-27.

Leonardi, Marco and Luca Nunziata. "Labor Market Institutions and Wage Inequality." *Industrial and Labor Relations Review* 60(3) (April 2007): 340-356.

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

I. Increasing returns, specialization, and entrepreneurship

Kremer, Michael. "The O-Ring Theory of Economic Development." *Quarterly Journal of Economics*. 108 (August 1993): 551-575.

Rosen, Sherwin. "Specialization and Human Capital." *Journal of Labor Economics* 1 (January 1983): 43-49.

Iranzo, Susana, Fabiano Schivardi and Elisa Tosetti. "Skill Dispersion and Firm Productivity: An Analysis with Employer-Employee Matched Data." *Journal of Labor Economics* 26(2) (April 2008): 247-286.

Dalmazow, Alberto, Tuomas Pekkarinen and Pasquale Scaramozzino. "O-ring Wage Inequality." *Economica* 74 (August 2007): 515-536.

Fox, Jeremy T. "Firm-Size Wage Gaps, Job Responsibility, and Hierarchical Matching." *Journal of Labor Economics* 27(1) (January 2009):83-126.

Lazear, Edward P. "Entrepreneurship." *Journal of Labor Economics* (October 2005): 649-680.

Gibbons, Robert, Lawrence Katz, Thomas Lemieux, and Daniel Parent. "Comparative Advantage, Learning, and Sectoral Wage Determination." *Journal of Labor Economics* (October 2005): 681-724.

Murphy, Kevin M., Andrei Schleifer, and Robert W. Vishny. 1991. "The Allocation of Talent: Implications for Growth." *Quarterly Journal of Economics* 116(2):503-30.

-----, 1993. "Why is Rent-Seeking So Costly to Growth?" *American Economic Review* 83(2):409-14.

Schultz, Theodore W. (1975) "The value of the ability to deal with disequilibria," *Journal of Economic Literature* 13: 827-846

Hamilton, Barton H. "Does entrepreneurship pay? An empirical analysis of the returns to self-employment." *Journal of Political Economy* 108 (June 2000): 604-631.

Hall, Robert E. and Susan E. Woodward. "The Burden of the Nondiversifiable Risk of Entrepreneurship." *American Economic Review* 100(3) (June 2010): 1163-1194.

Kerr, William R. and William F. Lincoln. "The Supply Side of Innovation: H-1B Visa Reforms and U.S. Ethnic Invention." *Journal of Labor Economics* 28(3) (July 2010): 473-508.

II. Specific vs General Human Capital, On-the-Job Training and Turnover

A. Reviews

Cahuc, Pierre and André Zylberberg. Chapter 9

Ehrenberg and Smith, Chpt. 5

Becker, Gary. *Human Capital. 3rd edition.* 1993.

Gathman, Christina and Uta Schönberg. "How General is Human Capital? A Task Based Approach." *Journal of Labor Economics* 28(1) (January 2010): 1-50.

Poletaev, Maxim and Chris Robinson. "Human Capital Specificity: Evidence from the Dictionary of Occupational Titles and Displaced Worker Surveys, 1984-2000." *Journal of Labor Economics* 26(3): 387-420.

Farber. "Mobility and Stability: the Dynamics of Job Change in Labor Markets." in Ashenfelter and Card eds. *Handbook of Labor Economics Vol 3B, Chapter 37.*1999.

Hutchens, R. "Seniority, Wages and Productivity." *The Journal of Economic Perspectives.* Fall, 1989. 49-64.

B. Specifics

Oi, Walter. "Labor as a Quasi-Fixed Factor." *Journal of Political Economy.* December, 1962. 538-555.

Hashimoto, Masinori. "Firm-Specific Human Capital as a Shared Investment." *American Economic Review.* June, 1981. 475-482.

McLaughlin, K. "A Theory of Quits and Layoffs with Efficient Turnover." *Journal of Political Economy.* February, 1991. 1-29.

Munasinghe, Lalith and Brendan O' Flaherty. "Specific Training Sometimes Cuts Wages and Always Cuts Turnover." *Journal of Labor Economics* 23 (April 2005): 213-234.

Orazem, Peter F., Marvin Bouillon and B. Michael Doran. "Long-term Attachments and Long-Run Firm Rates of Return." *Southern Economic Journal* 71 (October 2004):314-333.

Jacobsen, Louis, Robert LaLonde and Daniel Sullivan. "Earnings Losses of Displaced Workers." *American Economic Review*. September, 1993. 685-709.

Hijzen, Alexander, Richard Upward, and Peter W. Wright. "The Income Losses of Displaced Workers." *Journal of Human Resources* 45(1) (Winter 2010):243-269.

Edin, Per-Anders and Magnus Gustavsson. "Time out of work and Skill Depreciation." *Industrial and Labor Relations Review* 61(2) (January 2008)163-180.

Gielen, Anne C. Gielen and Jan C. van Ours. "Why Do Worker-Firm Matches Dissolve?" *IZA Discussion Paper No. 2165* June 2006.

Gibbons, Robert and Lawrence Katz. "Layoffs and Lemons." *Journal of Labor Economics* October 1991. 351-380.

Parent, Daniel "Wages and Mobility: The Impact of Employer Provided Training." *Journal of Labor Economics* 17 (April 1999): 298-317.

Altonji, Joseph G. and Nicolas Williams. "Do Wages Rise with Seniority: A Reassessment." *Industrial and Labor Relations Review* (April 2005):370-397.

C. Training

LaLonde, Robert. "Evaluating the Econometric Evaluations of Training Programs with Experimental Data." *American Economic Review* 76, 604-620.

Heckman, James J., and V. Joseph Hotz. "On the Use of Nonexperimental Methods for Estimating the Impact of Manpower Training Programs: On Reevaluating the Evaluations." *Journal of the American Statistical Association*, December 1989, 862-880.

Card, David, and Daniel Sullivan. "Measuring the Effect of Subsidized Training Programs on Movements In and Out of Employment." *Econometrica*, May 1988, 497-530.

Ham, John C. and Robert J. LaLonde. "The Effect of Sample Selection and Initial Conditions in Duration Models: Evidence from Experimental Data on Training." *Econometrica* January, 1996. 175-205.

Greenberg, David H., Charles Michalopoulos and Phillip K. Robins. "A Meta-Analysis of Government-Sponsored Training Programs." *Industrial and Labor Relations Review* (October 2003): 31-53.

Schochet, Peter Z., John Burghardt and Sheena McConnell. "Does Job Corps Work? Impact Findings from the National Job Corps Study." *American Economic Review* 98(5) (December 2008):1864-1886.

Acemoglu, Daron and Jorn-Steffen Pischke. "Why do Firms Train? Theory and Evidence." *Quarterly Journal of Economics* 113 (February 1998):79-119.

Acemoglu, Daron and Jorn-Steffen Pischke. "The Structure of Wages and Investment in General Training." *Journal of Political Economy* 107 (June 1999):539-572.

Autor, David H. "Why Do Temporary Help Firms Provide Free General Skills Training?" *Quarterly Journal of Economics* 116 (November 2001): 1409-1448.

III. Earnings Differences and the roles of Sorting and Selection

A. Relative Economic Progress of Women, Blacks, and Hispanics

Smith, J., and F. Welch. "Black Economic Progress After Myrdal." *Journal of Economic Literature*, June 1989), 519-564.

Donohue, John and James Heckman. "Continuous Versus Episodic Change: The Impact of Civil Rights Policy on the Economic Status of Blacks." *Journal of Economic Literature* December 1991. 1603-1643.

Couch, K., and M. C. Daly. "Black-White Wage Inequality in the 1990s: a Decade of Progress." *Economic Inquiry* 40 (January 2002):31-41.

Blau, Francine D., and Lawrence M. Kahn. "The Gender Earnings Gap: Learning from International Comparisons." *American Economic Review*, May 1992, 533-38.

Blau, Francine D., and Lawrence M. Kahn. "The U.S. Gender Pay Gap in the 1990s: Slowing Convergence." *Industrial and Labor Relations Review* 60 (October 2006): 45-66.

Trejo, Stephen J. "Whe Do Mexican Americans Earn Low Wages?" *Journal of Political Economy* 105 (December 1996):1235-1268

Trejo, Stephen J. "Intergenerational Progress of Mexican-Origin Workers in the U.S. Labor Market." *Journal of Human Resources* 38 (Summer 2003):467-489.

Mora, Marie M., and Alberto Davilla. "A Note on the Changes in the Relative Wages of LEP Hispanic Men between 1980 and 2000." *Industrial Relations: A Journal of Economy and Society* 45 (April 2006): 169-172.

Bratsberg, Bernt, James F. Ragan and Zafar M Nasir. "The Effects of Naturalization on Wage Growth: A Panel Study of Young Male Immigrants." *Journal of Labor Economics* 20 (July 2002): 568-597.

Dougherty, Christopher. "Why are the Returns to Schooling Higher for Women than for Men?" *The Journal of Human Resources* (Fall 2005): 969-988.

Chiquiar, Daniel and Gordon Hanson. "International Migration, Self-Selection and the Distribution of Wages: Evidence from Mexico and the United States." *Journal of Political Economy* 113 (April 2005):239-281.

C. Earnings and Endogenous Sorting

Willis, Robert G., "Wage Determinants: A Survey and Interpretation of Human Capital Earnings Functions," in Ashenfelter and Layard, *Handbook of Labor Economics*, 1986.

Cahuc, Pierre and André Zylberberg. Chapter 2.

Card. "The Causal Effect of Education on Earnings." in Ashenfelter and Card eds. *Handbook of Labor Economics Vol 3A, Chapter 30*.1999.

Polochek, Solomon and W. Stanley Siebert *The Economics of Earnings* Cambridge: Cambridge University Press. 1993. Chapters 3,4

Gould, Eric D. "Rising Wage Inequality, Comparative Advantage and the Growing Importance of General Skills in the United States." *Journal of Labor Economics* 20 (January 2002): 105-147.

Strayer, Wayne "The Returns to School Quality: College Choice and Earnings." *Journal of Labor Economics* 20 (July 2002): 475-503.

Abowd, John M., Francis Kramarz, and David N. Margolis. "High Wage Workers and High Wage Firms." *Econometrica* 67(March 1999): 251-333.

D. Experimental Design and Econometric Methods

Heckman, James. "Causal Parameters and Policy Analysis in Economics: A Twentieth Century Retrospective." *Quarterly Journal of Economics* 115 (February 2000):45-97.

Heckman, Lalonde and Smith. "The Economics and Econometrics of Active Labor Market Programs." in Ashenfelter and Card eds. *Handbook of Labor Economics Vol 3A, Chapter 31*.1999.

Symposia: Con out of Economics. *The Journal of Economic Perspectives* 24(2) (Spring 2010):1-94.

Heckman, James, and Jeffrey Smith. "The Determinants of Participation in a Social Program: Evidence from a Prototypical Job Training Program." *Journal of Labor Economics* (April 2004): 243-298.

Altonji, Joseph, Todd Elder and Christopher Taber. "Selection on Observed and Unobserved Variables: Assessing the Effectiveness of Catholic Schools." *Journal of Political Economy* (February 2005):151-184.

E. Estimation Issues

Blundell, Richard and Monica Costas Dias. "Alternative Approaches to Evaluation in Empirical Microeconomics." *The Journal of Human Resources* 44(3) (Summer 2009):565-640

Joshua D. Angrist and Jörn-Steffen Pischke *Mostly harmless econometrics : an empiricist's companion* . Princeton University Press. 2009

Angrist, Joshua and Alan Krueger. "Empirical Strategies in Labor Economics." in Ashenfelter and Card eds. *Handbook of Labor Economics Vol 3A, Chapter 23* 1999.

Angrist, Joshua D and Alan B Krueger. "Instrument Variables and the Search for Identification: From Supply and Demand to Natural Experiments." *Journal of Economic Perspectives* 15 (Fall 2001): 69-85.

Angrist, Joshua and Alan Krueger. "Why Do World War II Veterans Earn More than Nonveterans." *Journal of Labor Economics* January, 1994. 74-97.

Newey, Whitney, James Powell and James Walker. "Semiparametric Estimation of Selection Models: Some Empirical Results." *American Economic Review* May 1990. 324-328.

Symposium on the Econometrics of Matching *The Review of Economics and Statistics* February 2004

Murray, Michael P. "Avoiding Invalid Instruments and Coping with Weak Instruments." *The Journal of Economic Perspectives* 20 (Fall 2006): 111-132.

Lee, David S. and Thomas Lemieux. "Regression Discontinuity Designs in Economics." *Journal of Economic Literature* 48(2) (June 2010): 281-355.

Forum on the Estimation of Treatment Effects *Journal of Economic Literature* 48(2) (June 2010): 356-455.

F. Intergenerational Transmission of Inequality

Becker, G.S. and N. Tomes (1986) "Human Capital and the Rise and Fall of Families." *Journal of Labor Economics* 4: S12-S37. Also Chapter 10 in Becker, G.S. (1993) *Human Capital*. Third Edition. Chicago: The University of Chicago Press."

Solon, G.R. (2002) "Cross-Country Differences in Intergenerational Earnings Mobility." *Journal of Economic Perspectives* 16:59-66.

Black, Sandra E., Paul J. Devereaux, and Kjell G. Salvanes. "Why the Apple Doesn't Fall Far: Understanding Intergenerational Transmission of Human Capital." *American Economic Review*. March, 2005: 437-449.

Emerson, Patrick M. and André Portela Souza. "Is There a Child Labor Trap? Intergenerational Persistence of Child Labor in Brazil." *Economic Development and Cultural Change*, (2003): 375–398.

Eide, Eric and Mark Showalter. "Factors Affecting the Transmission of Earnings Across Generations." *Journal of Human Resources* (Spring 1999): 253-267.

Bleakly, Hoyt and Aimee Chin. "What Holds Back the Second Generation? The Intergenerational Transmission of Language Human Capital Among Immigrants." *Journal of Human Resources* (Spring 2008)267-298.

IV. Personnel Economics

Ehrenberg and Smith, Chpt. 11.

Lazear, Edward. Personnel Economics Past Lessons and Future Directions." *Journal of Labor Economics* 17 (April 1999): 199-236.

Lazear, *Personnel Economics*. Chapter 2.

A. Performance Related Pay

Booth, Alison and Jeff Frankl. "Earnings Productivity and Performance Related Pay." *Journal of Labor Economics*. 17 (July 1999): 447-463.

Brown, Charles. "Firms' Choice of Method of Pay." in Ehrenberg ed. Do Compensation Policies Matter? 1990. 165-182.

Lazear, Edward. "Salaries and Piece-Rates." *Journal of Business*. July, 1986. 405-431

Lazear, Edward. "Performance Pay and Productivity." *American Economic Review* 90 (December 2000):1346-1361.

Farber, Henry S. "Is Tomorrow Another Day? The Labor Supply of New York City Cab Drivers." *Journal of Political Economy* (February 2005): 46-82.

Baker, George, Michael Gibbs and Bengt Holmstrom. "The Internal Economics of the Firm: Evidence from Personnel Data." *Quarterly Journal of Economics* 109 (November 1994):881-919.

Baker, George, Michael Gibbs and Bengt Holmstrom. "The Wage Policy of a Firm." *Quarterly Journal of Economics* 109 (November 1994):921-955.

Bartel, Ann P. and Nachum Sicherman. "Technological Change and Wages: An Interindustry Analysis." *Journal of Political Economy* 107 (April 1999):285-325.

Pekkarinen, Tuomas and Chris Riddell. "Performance Pay and Earnings: Evidence from Personnel Records." *Industrial and Labor Relations Review* 61(3) (April 2008):297-319.

B. Promotions, Tournaments, and Seniority-Based Compensation

Cahuc, Pierre and André Zylberberg. Chapter 6.

Malcomson. "Individual Employment Contracts." in Ashenfelter and Card eds. *Handbook of Labor Economics Vol 3B Chapter 35*. 1999.

Gibbons and Waldman. "Careers in Organizations: Theory and Evidence." in Ashenfelter and Card eds. *Handbook of Labor Economics Vol 3B, Chapter 36*. 1999.

Lazear, *Personnel Economics*. Chapters 3,4, 7, 10.

Eriksson. "Executive Compensation and Tournament Theory: Empirical Tests of Danish Data." *Journal of Labor Economics* 17 (April 1999): 262-280.

Bognanno, Michael. "Corporate Tournaments." *Journal of Labor Economics* 19 (April 2001):290-315.

Audas, Rick, Tim Barmby and John Treble. "Luck, Effort and Reward in an Organizational Hierarchy" *Journal of Labor Economics* (April 2004): 379-396.

Carmichael, H. Lorne. "Self-Enforcing Contracts, Shirking, and Life Cycle Incentives." *The Journal of Economic Perspectives*. Fall, 1989. 65-83.

Lazear, Edward, and Sherwin Rosen. "Rank-Order Tournaments as Optimum Labor Contracts." *Journal of Political Economy* October, 1981. 841-864.

Lazear, Edward. "The Peter Principle: A Theory of Decline." *Journal of Political Economy* 112 (February 2004): S141-S163.

Jensen, Michael, and Kevin Murphy. "Performance Pay and Top-Management Incentives." *Journal of Political Economy* April 1990. 225-264.

Murphy, Kevin J. "Executive Compensation." in Ashenfelter and Card eds. *Handbook of Labor Economics Vol 3B, Chapter 38*.1999.

Bertrand, Marianne and Sendhil Mullainathan. "Are CEOs Rewarded for Luck? The Ones without Principles Are." *Quarterly Journal of Economics*. 116 (August 2001): 901-932.

Bertrand, Marianne and Sendhil Mullainathan. "Enjoying the Quiet Life? Corporate Governance and Managerial Preferences." *Journal of Political Economy* 111 (October 2003): 1043-1075.

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