Real Wages, Mobility and Business Cycles

Course Grade

The grade will be based on class participation (50%) and a final exam (50%).

Topics and Readings

1. Data Sources

Meisenheimer, “Real Compensation, 1979 to 2003: Analysis from Several Data Sources,” MLR, May 2005

2. Wages and Human Capital

Menezes-Filho, Muendler and Ramey, “The Structure of Worker Compensation in Brazil, With a Comparison to France and the United States,” draft, Dec 2005

3. Wages and Business Cycles

Bils, “Real Wages over the Business Cycle,” JPE, 1985
Solon, Barsky and Parker, “Measuring the Cyclicality of Real Wages: How Important is Composition Bias?” QJE, 1994
Devereux, “The Cyclicality of Real Wages within Employer-Employee Matches,” ILLR, 2001
4. Wages, Mobility and Displacement


A. Wages and Tenure

Altonji and Williams, “Do Wages Rise with Job Seniority? A Reassessment,” ILLR, 2005
Topel and Ward, “Job Mobility and the Careers of Young Men,” QJE, 1992
Parent, “Industry-Specific Capital and the Wage Profile: Evidence from the NLSY and the PSID,” JLE, 2000
Light, “Job Mobility and Wage Growth: Evidence from the NLSY79,” MLR, 2005
Buchinsky, Fougère, Kramarz and Tchernis, “Interfirm Mobility, Wages, and the Returns to Seniority and Experience in the U.S.,” draft, Mar 2005
Dustmann and Meghir, “Wages, Experience and Seniority,” RESud, 2005

B. Effects of Displacement

Kletzer, “Returns to Seniority After Permanent Job Loss,” AER, 1989
Ruhm, “Are Workers Permanently Scarred by Job Displacements?” AER, 1991
Topel, “What Have We Learned from Empirical Studies of Unemployment and Turnover?” AER, 1993
Stevens, “Persistent Effects of Job Displacement: The Importance of Multiple Job Losses,” JLE, 1997

5. Theoretical Models

A. Neoclassical Model

Romer, Advanced Macroeconomics, 2001, pp. 174-196

B. Contracting Frictions

Romer, Advanced Macroeconomics, 2001, pp. 412-432
MacLeod and Malcomson, “Implicit Contracts, Incentive Compatibility, and Involuntary Unemployment,” Econometrica, Mar 1989
MacLeod and Malcomson, “Motivation and Markets,” *AER*, 1988
Rudanko, “Labor Market Dynamics under Long Term Wage Contracting and Incomplete Markets,” draft, June 2005