

## **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**

Abraham, Spletzer and Stewart, “Divergent Trends in Alternative Wage Series,” in Haltiwanger, Manser and Topel, eds., *Labor Statistics Measurement Issues*, 1998  
Meisenheimer, “Real Compensation, 1979 to 2003: Analysis from Several Data Sources,” *MLR*, May 2005

#### **2. Wages and Human Capital**

Willis, “Wage Determinants: A Survey and Reinterpretation of Human Capital Earnings Functions,” *Handbook of Labor Economics*, vol 1, 1986  
Katz and Murphy, “Changes in Relative Wages, 1963-1987: Supply and Demand Factors,” *QJE*, 1992  
Abowd and Kramarz, “The Analysis of Labor Markets using Matched Employer-Employee Data,” *Handbook of Labor Economics*, vol 3B, 1999  
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**

Abraham and Haltiwanger, “Real Wages and the Business Cycle,” *JEL*, Sept 1995  
Bils, “Real Wages over the Business Cycle,” *JPE*, 1985  
Solon, Barsky and Parker, “Measuring the Cyclicalities of Real Wages: How Important is Composition Bias?” *QJE*, 1994  
Shin, “Cyclicalities of Real Wages among Young Men,” *Econ Lett*, 1994  
Barlevy, “Why Are the Wages of Job Changers So Procyclical?” *JLE*, 2001  
Devereux, “The Cyclicalities of Real Wages within Employer-Employee Matches,” *ILLR*, 2001  
Shin and Solon, “New Evidence on Real Wage Cyclicalities within Employer-Employee Matches,” NBER WP 12262, 2006  
Bowlus, Liu and Robinson, “Business Cycle Models, Aggregation, and Real Wage Cyclicalities,” *JLE*, 2002  
Kandil and Woods, “Employment Compensation and the Cyclical Behavior of the Aggregate Real Wage,” *Applied Econ*, 2002

Blundell, Reed and Stoker, "Interpreting Aggregate Wage Growth: The Role of Labor Market Participation," *AER*, 2003

#### **4. Wages, Mobility and Displacement**

Farber, "Mobility and Stability: The Dynamics of Job Change in Labor Markets," *Handbook of Labor Economics*, vol 3B, 1999

##### **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," *REStud*, 2005

##### **B. Effects of Displacement**

Kletzer, "Job Displacement," *JEPersp*, 1998

Kletzer, "Returns to Seniority After Permanent Job Loss," *AER*, 1989

Topel, "Specific Capital and Unemployment: Measuring the Costs and Consequences of Job Loss," *Carnegie-Rochester Series*, 1990

Ruhm, "Are Workers Permanently Scarred by Job Displacements?" *AER*, 1991

Topel, "What Have We Learned from Empirical Studies of Unemployment and Turnover?" *AER*, 1993

Jacobson, LaLonde and Sullivan, "Earnings Losses of Displaced Workers," *AER*, 1993

Neal, "Industry-Specific Human Capital: Evidence from Displaced Workers," *JLE*, 1995

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

Christiano and Eichenbaum, "Current Real-Business-Cycle Fluctuations and Aggregate Labor-Market Fluctuations," *AER*, 1992

##### **B. Contracting Frictions**

Romer, *Advanced Macroeconomics*, 2001, pp. 412-432

MacLeod and Malcomson, "Implicit Contracts, Incentive Compatibility, and Involuntary Unemployment," *Econometrica*, Mar 1989

Thomas and Worrall, "Self-Enforcing Wage Contracts," *REStud*, 1988  
Ramey and Watson, "Contractual Fragility, Job Destruction and Business Cycles," *QJE*, 1997  
Den Haan, Ramey and Watson, "Contract-Theoretic Approaches to Wages and Displacement," *FRB St. Louis Rev*, 2000  
Den Haan, Ramey and Watson, "Job Destruction and the Experience of Displaced Workers," *Carnegie-Rochester Series*, 2000  
MacLeod and Malcomson, "Motivation and Markets," *AER*, 1988  
Hall, "Employment Fluctuations with Equilibrium Wage Stickiness," *AER*, 2005  
Rudanko, "Labor Market Dynamics under Long Term Wage Contracting and Incomplete Markets," draft, June 2005