

School of Economics and Finance

ECON 417: LABOUR MARKETS IN THE GLOBAL ECONOMY

Second Trimester 2005

COURSE OUTLINE

Lecturers:

Dr Malathi Velamuri (MV) [Course Co-ordinator] *email: malathi.velamuri@vuw.ac.nz*
RH314, Rutherford House, Pipitea Campus,
23 Lambton Quay, Wellington
Phone: 463-6413 (DDI) 6413 (Ext)

Dr Dave Maré (DM) *email: dave.mare@motu.org.nz*
Dr Steve Stillman (SS) *email: stillman@motu.org.nz*
Motu Economic and Public Policy Research,
Level 1, 93 Cuba St, PO Box 24390 Wellington.
Phone: 939-4250

Content:

This course provides an in-depth survey of selected topics from the labour economics literature. The emphasis will be on understanding the theoretical and empirical approaches that have been taken to understanding important labour market issues, and on key findings.

Prerequisites:

- Econ 333 – Economics of Work and Pay; or Econ 416 – Labour Markets.
- Quan 201 – Introduction to Econometrics

Timetable:

Second trimester, Fridays 3:40-6:30pm in Rutherford House G01. Sessions will be a mixture of formal lectures and group discussion.

Summary of Topics

- 1) Programme Evaluation [SS]: The process of evaluating the effect of active labour market programmes on participant and non-participant outcomes.
- 2) Inequality and Changes in the Wage Structure [MV]: Measuring inequality and understanding the causes of changes over time.

- 3) Household economics [MV]: Household production and decisionmaking, time use, life-cycle behaviour, and retirement.
- 4) Location and labour markets [DM]: Immigration, local labour markets, economic geography, neighbourhood effects and social interactions.

Assessment:

Class assignments and discussion: 10%

Participation in class discussions; Oral presentation to the class of one-page summaries of selected readings;

Presentation should explain the a) research question, b) theoretical framework, c) empirical approach (data used, models estimated), d) results and e) questions raised (for example, were a, b and c reasonable and did author interpret the results in a correct and meaningful way).

Long Assignments 45%

- *Three In-depth critical reviews of specific papers to be provided (15% each)*

Students should: (a) summarize the article, including its motivation, theoretical framework, critical assumptions, econometric methods used and main results; (b) critically assess the contribution of the paper; including the strengths and weaknesses of the paper's approach, appropriateness of theory, methods and data used, and whether the paper addresses an important issue and assessment of how convincing are the findings of the paper (max 2500 words).

Two-hour final examination: 45%

Deadlines:

Long Assignment One: Critical Review on an Evaluation Paper 29 July 2005

Long Assignment Two: Critical Review on an Inequality Paper 2 Sept. 2005

Long Assignment Three: Critical Review on a Neighbourhoods Paper 7 Oct. 2005

Assignments handed in after the due date will incur a penalty of 1 point for every 24 hours that the assignment is overdue. (eg: for long assignments, 1 mark out of 15 will be deducted)

Reading:

A reading list is provided for each of the topics. Students will be expected to obtain copies of the relevant readings. For most topics, required reading will be 3 to 5 articles (in bold)

Background textbooks and reference books:

The following books provide survey articles or introductions to the various topics. The first two references are highly recommended.

- G.J. Borjas *Labor Economics*, McGraw-Hill, (3rd ed. 2000)
- *Handbook of Labor Economics*. The latest volumes are volumes 3a, 3b and 3c edited by O. Ashenfelter and D. Card (North-Holland, 1999).
- The four volume set of books *Labor Economics*, edited by O.C. Ashenfelter and K.F. Hallock (Edward Elgar 1995) contains the most influential articles in the field until the mid 1990s.

- R.G. Ehrenberg and R.S. Smith *Modern Labor Economics*, Harper and Collins, (8th ed. 2002)
- Cahuc, P. and Zylberberg, A. (2004) *Labor Economics*, MIT Press, Cambridge, MA.

All major journals regularly publish articles on labour economics. There are also specialised journals on labour economics in the VUW library. There is no textbook specifically concerned with the New Zealand labour market.

An Introduction to Programme Evaluation [SS][®]

8 July 2005

General Approach

Cobb-Clark, Deborah and Thomas Crossley (2002). "Econometrics for Summative Evaluations: An Introduction to Recent Developments." Available at http://econrsss.anu.edu.au/%7Edcclark/docs/papers/crossley_cobbclark_er.pdf.

Heckman, J. J., LaLonde, J. and Smith, J. (1999) The Economics and econometrics of active labor market programs. In O. Ashenfelter and D. Card (Eds.), *Handbook of Labor Economics*, Vol. 3A Elsevier Science, Amsterdam.

® Ravallion, Martin, "The Mystery of the Vanishing Benefits: An Introduction to Impact Evaluation." *The World Bank Economic Review* 15. no. 1: 115-140.

® Smith, Jeffrey. 2000. "Evaluating Active Labour Market Policies: Lessons from North America." Available at <http://www.glue.umd.edu/~jsmithz/papers/nu081500.pdf>.

Experimental Approach

Lalonde, R. J. (1986) Evaluating the Econometric Evaluations of Training Programs with Experimental Data. *American Economic Review*, 76, 604-20.

Heckman, James, Neil Hohmann, Jeffrey Smith, with the assistance of Michael Khoo. 2000. "Substitution and Drop Out Bias in Social Experiments: A Study of an Influential Social Experiment," *Quarterly Journal of Economics* 115(2): 651-694.

Matching Estimators

Bryson, A., Dorsett, R. and Purdon, S. (2002) The use of propensity score matching in the evaluation of active labour market policies, Department for Work and Pensions WP 4. Available at <http://www.dwp.gov.uk/asd/asd5/wp-index.html>.

® Calliendo M and S Kopeinig. 2005. "Some Practical Guidance for the Implementation of Propensity Score Matching". *IZA Discussion Paper* 1588.

Dehejia R and S Wahba (2002). "Propensity Score Matching Methods for Non-Experimental Causal Studies." *Review of Economics and Statistics* 84. 151-161.

Heckman, JJ, H Ichimura, and PE Todd (1997) "Matching As An Econometric Estimator: Evidence from Evaluating a Job Training Program" *Review Economic Studies* 64. no. 4: 487-36.

® Smith, J. and Todd, P. E. (2004) Does Matching Overcome LaLonde's Critique of Nonexperimental Estimators? *Journal of Econometrics*, 125(1-2), 305-353. Available at http://www.glue.umd.edu/~jsmithz/papers/nsw_061303_double.pdf.

Difference-in-Differences and Regression Discontinuity

Bertrand, M., Duflo, E. and Mullainathan, S. (2002) How much should we trust difference in differences estimates? *NBER Working Paper* 8841.

® Buddelmeyer, H and E Skoufias (2003) "An Evaluation of the Performance of Regression Discontinuity Design on PROGRESA." *IZA Discussion Paper* 827.

Instrumental Variables

® Required reading

Angrist and Krueger, "Instrumental Variables and the Search for Identification: From Supply and Demand to Natural Experiments." NBER Working Paper 8456.

The Evaluation of Active Labour Market Programmes [SS] 15 July 2005

Job Training

® **Black, DA, Berger, MC, Noel, BJ and Smith, JA (2003) Is the Threat of Reemployment Services More Effective than the Services Themselves? Evidence from Random Assignment in the UI System. *American Economic Review* 93. no 4: 1313-27**

Card, D. and Sullivan, D. G. (1988) Estimating the effects of subsidized training on movements into and out of employment. *Econometrica*, 56(3), 497-530.

Rosholm, M and L Skipper. (2003) "Is Labour Market Training a Curse for the Unemployed? Evidence from a Social Experiment," *IZA Discussion Papers* 716.

Wage Subsidies

® **Card D. and DR Hyslop. (2004). "Estimating the Effects of a Time Limited Earnings Subsidy for Welfare Leavers." *NBER Working Paper* 10647.**

Galasso E, Ravallion M, and Salvia A. (2002). "Assisting the transition from workfare to work : a randomized experiment." *World Bank Policy and Research WP* 2738.

Lise, Jeremy, Shannon Seitz and Jeffrey Smith. 2005. "Equilibrium Policy Experiments and the Evaluation of Social Programs." Available at http://www.glue.umd.edu/~jsmithz/papers/ssp16_jeea_041905.pdf

Others

® **Dolton P and D O'Neill. (2002) "The Long-Run Effects of Unemployment Monitoring and Work-Search Programs: Experimental Evidence from the UK." *Journal of Labour Economics* 20. no 2(1): 381-403.**

Van Reenen J. (2003). "Active Labour Market Policies and the British New Deal for the Young Unemployed in Context." *NBER Working Papers* 9576.

OZ / NZ Evidence

Cobb-Clark D, R Breunig, Y Dunlop, and M Terrill. (2003) "Assisting the Very Long-Term Unemployed: Results from a Randomized Trial." *Economic Record* 79. 84 - 102.

® **Maré, D. (2002) The Impact of Employment Policy Interventions. *Labour Market Bulletin 2000-02 Special Issue*, 57-100**

® **Richardson L (2002), "Impact of the Mutual Obligation Initiative on the Exit Behaviour of Unemployment Benefit Recipients: The Threat of Additional Activities." *Economic Record* 78. no. 243: 406-21.**

**Innovative Evaluation Studies [SS]
22 July 2005**

Experimental Design

Angrist, J. and Lavy, V. (2002). "The Effect of High School Matriculation Awards: Evidence From Randomized Trials." *NBER Working Paper* 9389.

® Behrman JR and J Hoddinott. (2002). "Program Evaluation with Unobserved Heterogeneity and Selective Implementation: The Mexican Progresa Impact on Child Nutrition" *PIER Working Paper* 02-006.

Difference-in-Differences and Regression Discontinuity

® Angrist, J. and Lavy, V. (1999) Using Maimonides' rule to estimate the effect of class size on scholastic achievement. *Quarterly Journal of Economics*, 114:2, 533-75.

® Di Tella, R, and E Schargrodsy (2004). "Do Police Reduce Crime? Estimates Using the Allocation of Police Forces after a Terrorist Attack." *American Economic Review* 94. no. 1: 115-33.

Gould E, V Lavy and DM Paserman. 2004. "Immigrating to Opportunity: Estimating The Effect of School Quality Using a Natural Experiment On Ethiopians in Israel." *Quarterly Journal of Economics* 119. no. 2: 489-526.

McKinnish, Terra. 2005. "Importing the Poor: Welfare Magnetism and Cross-Border Welfare Migration." *Journal of Human Resources* 40. no. 1:57-76.

Oreopoulos P. (2003) "The Long-Run Consequences of Living in a Poor Neighborhood." *Quarterly Journal of Economics* 118. no. 4:1533-75

Matching Estimates

® Crichton, S, Stillman S, and Hyslop D (2004). "Returning to Work from Injury: Longitudinal Evidence on Employment and Earnings." *Statistics New Zealand LEED Project Technical Paper*. Available at http://www.motu.org.nz/pdf/LEED/returning_to_work_from_injury.pdf

Galasso E and M Ravallion (2004). "Social Protection in a Crisis: Argentina's Plan Jefes y Jefas." *World Bank Economic Review* 18. no. 3: 367-399.

Instrumental Variables

® Cohen A and Einav L (2003). "The Effects of Mandatory Seat Belt Laws on Driving Behavior and Traffic Fatalities." *Review of Economics and Statistics* 85. no. 4: 828-43.

Edin, Per-Anders, P Fredriksson and O Åslund. (2003). "Ethnic Enclaves And The Economic Success Of Immigrants - Evidence From A Natural Experiment." *Quarterly Journal of Economics* 118. no. 1: 329-57

Due 29 July 2005: Long Assignment One: Critical Review on an Evaluation Paper

Inequality: Theory and Measurement [MV]
29 July 2005

Deaton, Angus and Christina Paxson, "Intertemporal Choice and Inequality", *Journal of Political Economy*, Vol. 102, No. 3, Jun., 1994

® **Katz, L. F. and Autor, D. H. (1999) Change in the Wage Structure and Earnings Inequality. In O. Ashenfelter and D. Card (Eds.), *Handbook of Labor Economics: Volume 3A*, Vol. 3A North-Holland, Amsterdam, pp. 1463-1555.**

® **Juhn, C., Murphy, K. M. and Pierce, B. (1993) Wage Inequality and the Rise in the Returns to Skill. *Journal of Political Economy*, 101, 410-42.**

Levy, F. and Murnane, R. J. (1992) U.S. Earnings Levels and Earnings Inequality: A Review of Recent Trends and Proposed Explanations. *Journal of Economic Literature*, **30**, 1333-1381.

T. Piketty and E. Saez (2003), "Income Inequality in the United States, 1913-1998." *Quarterly Journal of Economics*, 117 (February) 1-39.

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

Acemoglu, Daron (2001), "Technical Change, Inequality, and the Labor Market", <http://econ-www.mit.edu/faculty/acemoglu/files/papers/jelrev3.pdf>

Inequality: Evidence from the United States [MV]
5 August 2005

Hamermesh, Daniel "Changing Inequality in Markets for Workplace Amenities", *The Quarterly Journal of Economics*, Vol. 114, No. 4 (Nov., 1999), pp. 1085-1123

Pierce, B. (2001), "Compensation Inequality", forthcoming, *Quarterly Journal of Economics*. BLS working paper series, #323 (June 1999), <http://www.bls.gov/ore/pdf/ec990040.pdf>

® **Card, D. and DiNardo, J. E. (2002) Skill Biased Technological Change and Rising Wage Inequality: Some Problems and Puzzles. *NBER Working Paper*, 8769.**

DiNardo, Fortin, and Lemieux, "Labor Market Institutions and the Distribution of Wages, 1973-1993: A Semi-Parametric Approach," *Econometrica*, 1996, 64(5).

Lemieux, T. (2003) Composition Effects, Wage Measurement, and the Growth in Within-Group Wage Inequality. mimeo, University of British Columbia, [<http://www.econ.ubc.ca/lemieux/papers/within2.pdf>]; 4 June 2004].

Krueger, A. B. (1993) How Computers Have Changed the Wage Structure: Evidence from Micro Data. *Quarterly Journal of Economics*, **108(1)**, 33-60

DiNardo, J. E. and Pischke, J.-S. (1997) The Returns to Computer Use Revisited: Have Pencils Changed the Wage Structure Too? *Quarterly Journal of Economics*, **112**, 291-303.

Hyslop, Dean (2001). "Rising U.S. Earnings Inequality and Family Labor Supply: The Covariance Structure of Intrafamily Earnings," *AER* 91.4, September: 755-777.

Bound, John, and George Johnson, "Changes in the Structure of Wages in the 1980s: An Evaluation of Alternative Explanations." *American Economic Review* 82(3), June 1992, 371-392.

Caroli and Van Reenan, "Skill Biased Organizational Change? Evidence from a Panel of British and French Establishments," *Quarterly Journal of Economics*, November 2001.

Inequality: International Evidence [MV]

TBA (An alternative date other than 12 August will be arranged)

This class discuss research papers studying group differences in labour market outcomes and changes in the distribution of income and earnings over time in New Zealand .

Group differences in labour market outcomes

Simon Chapple, "Explaining patterns of disparity between Maori and non-Maori employment chances," October, 2000, *Labour Market Bulletin*, Issue 1999.

Maani, S. A. (2004) Why Have Maori Relative Income Levels Deteriorated Over Time? *The Economic Record*, 89(248), 1-32.

Sylvia Dixon, "Pay inequality between Men and Women in New Zealand," September, 2000, *Department of Labour Occasional Paper* series as 2000/1.

® Dixon, Sylvia and Dave Mare (2004), "Understanding Changes in Māori Incomes and Income Inequality 1997-2003", *Motu Working Paper 2004-12*

http://www.motu.org.nz/motu_wp_2004_12.htm

Simon Chapple and David Rea, "Time series analysis of disparity between Maori and non-Maori labour market outcomes in the Household Labour Force Survey," July, 1999, *Labour Market Bulletin*, Issue 1998:1&2.

Changing income and earnings distributions

Lattimore, R., Hawke, G., Duncan, I. and Ballingall, J. (2003) The changing demand for qualified labour in New Zealand. *New Zealand Trade Consortium Working Paper*, 23, [http://www.nzier.org.nz/SITE_Default/SITE_Publications/x-files/1326.pdf]

Dixon, S (1998) Growth in the Dispersion of Earnings: 1984-97. *Labour Market Bulletin*, **1998:1&2**, 71-107.

Hyslop, D. R. and Maré, D. C. (2003) Understanding New Zealand's Changing Income Distribution 1983-98: A Semiparametric Analysis. *Motu Working Paper*, 2003-16, [www.motu.org.nz].

Hyslop, D. (2000) A Preliminary Analysis of the Dynamics of Individual Market and Disposable Incomes. *Treasury Working Paper*, 2000/15.

Dixon, S. (1996) The distribution of earnings in New Zealand: 1984-94. *Labour Market Bulletin*, **1**.

- Creedy, J. (1997) *Statics and Dynamics of Income Distribution in New Zealand*, Institute of Policy Studies, Victoria University of Wellington, Wellington.
- O'Dea, D. (2000) The Changes in New Zealand's Income Distribution. *New Zealand Treasury Working Paper*, 00/13, [www.treasury.govt.nz].
- Maani, S. A. and Maloney, T. (2003) Intergenerational Welfare Participation in New Zealand. *Australian Economic Papers*, **42(3)**, 346-62
- Callister, P. (2001) A polarisation into work-rich and work-poor households in New Zealand?: Trends from 1986 to 2000. *Department of Labour Occasional Paper*, 2001/3, Wellington: Labour Market Policy Group, Department of Labour [www.dol.govt.nz].
- Deardorff, A. and Lattimore, R. (1999) Trade and Factor-Market Effects of New Zealand's Reforms. *New Zealand Economic Papers*, **33(2)**, 71-9.

MID TRIMESTER BREAK: No class on 19 or 26 August

Due 2 September 2005: Long Assignment Two: Critical Review on an Inequality Paper

Households and Labour Markets [MV] 2 September 2005

- Blundell and MaCurdy (1999), "Labor Supply: a Review of Alternative Approaches", *Handbook of Labor Economics, Chapter 27, Vol.3A*, O.Ashenfelter and David Card, Editors. pp. 1559-1695.
- Gronau, Reuben , "Home Production – A Survey", *Handbook of Labor Economics, Chapter 4, Vol.1*, O.Ashenfelter and Richard Layard, Editors.
- Marjorie McElroy and Mary Jean Horney (1981), "Nash-Bargained Household Decisions: Toward a Generalization of the Theory of Demand," *International Economic Review*.
- ® Slesnick, Daniel (1991), "Empirical Approaches to the Measurement of Welfare", *Journal of Economic Literature*, **Vol. 36, No. 4** (Dec., 1998), pp. 2108-2165
- Lundberg, Shelley and Robert Pollak (1994), "**Noncooperative Bargaining Models of Marriage**", *The American Economic Review* > **Vol. 84, No. 2, Papers and Proceedings of the Hundred and Sixth Annual Meeting of the American Economic Association** , May, pp. 132-137

Household Decision-Making [MV] 9 September 2005

- Thomas, Duncan "Intra-Household Resource Allocation: An Inferential Approach", *The Journal of Human Resources* > **Vol. 25, No. 4** (Autumn, 1990), pp. 635-664
- Lee, Jungmin (2004) , "Household Sharing Rules: Evidence from Young Couples' Pocket Money," Unpublished Paper, June , <ftp://repec.iza.org/RePEc/Discussionpaper/dp1250.pdf>

® Lundberg, Shelley, Robert Pollak and Terence Wales (1997), "Do Husbands and Wives Pool Their Resources? Evidence from the United Kingdom Child Benefit", [*The Journal of Human Resources*](#) > [Vol. 32, No. 3](#) (Summer), pp. 463-480

® Lundberg, Shelly, Richard Startz, and Steven Stillman. 2003. "The Retirement-Consumption Puzzle: A Marital Bargaining Approach." *Journal of Public Economics* 87 (May). no. 5-6: 1199-218.

Akerlof, George, Janet Yellen and Michael Katz, "An Analysis of out-of-wedlock Childbearing in the United States", *Quarterly Journal of Economics*, Vol.111, No.2, May 1996, pp.277-317

Other Topics in Household Economics [MV] 16 September 2005

® Gary Becker, "A Theory of the Allocation of Time", [*Economic Journal*](#), 1965.

Daniel Hamermesh, "Timing, Togetherness and Time Windfalls," *Journal of Population Economics*, Nov. 2002.

Farmer, Amy and Jill Tiefenthaler, "Domestic Violence: The Value of Services as Signals", *AER*, Volume 86, Number 2, Papers and Proceedings, May 1996, pp.274-279

[CR] Stevenson, Betsey and Justin Wolfers, "Til Death Do Us Part: Effects of Divorce Laws on Suicide, Domestic Violence and Spousal Murder (unpublished), 2000
<http://gsbwww.uchicago.edu/labor/Wolfers.pdf>

Geographic Mobility [DM] 23 September 2005]

Why Do People Move?

® G. Borjas (1999) "The Economic Analysis of Immigration," in O. Ashenfelter and D. Card, eds., *Handbook of Labor Economics*, vol. 3A, pp. 1697-1750.

Heckman, J and B. Honore. (1990) "The Empirical Content of the Roy Model," *Econometrica*, 58.5 (September), 1121-49.

Roy, A. D. (1951) Some thoughts on the distribution of earnings. *Oxford Economic Papers*, 3, 135-146

Immigration – Outcomes for Migrants

® Borjas, George J., (1987), "Self Selection and the Earnings of Immigrants", *American Economic Review* 77(4).

® Winkelmann, Liliana and Rainer Winkelmann, "Immigrants in the New Zealand Labour Market: a Cohort Analysis using 1981, 1986 and 1996 Census Data," July, 1999, *Labour Market Bulletin*, Issue 1998: 1&2

Antecol, Heather, Peter Kuhn and Stephen J. Trejo. 2003. "Assimilation via Prices or Quantities? Labor Market Institutions and Immigrant Earnings Growth in Australia, Canada, and the United States," *IZA Discussion Paper* 802, Bonn.

Borjas, George J. 1992. "The Intergenerational mobility of immigrants," *Journal of Labor Economics*, 11:No. 1, Part 1: Essays in honor of Jacob Mincer, pp. 113-35.

Friedberg, R.M. 2000. "You Can't Take It with You? Immigrant Assimilation and the Portability of Human Capital," *Journal of Labor Economics*, 18:2, pp. 221-251

Damm, Anna Piil. 2004. "Employment Effects of Dispersal Policies on Refugee Immigrants: Empirical Evidence," *IZA Discussion Paper 925*. Available online at www.iza.org.

Immigration – Outcomes for Natives

® Borjas, G. 2003 "The Labor Demand Curve Is Downward Sloping: Re-examining the Impact of Immigration on the Labor Market" *Quarterly Journal of Economics* (November) pp 1335-1374.

Card, D., "The Impact of the Mariel Boatlift on the Miami Labor Market" *International Labor Relations Review* 43:2 (Jan 1990).

Card, David (1997), "Immigrant inflows, native outflows and the local labor market impacts of higher immigration", *NBER Working Paper 5927*. (JOLE, 2001)

Longhi, Simonetta, Peter Nijkamp and Jaques Poot. 2004. "A Meta - Analytic Assessment of the Effect of Immigration on Wages," *Discussion Paper 134/3*, Tinbergen Institute.

[P] Saiz, Albert "Room in the Kitchen for the Melting Pot: Immigration and Rental Prices," *Review of Economics and Statistics* Volume 85, Issue 3, August 2003

Regional Mobility

® Borjas, G., S. Bronars, and S. Trejo (1992), "Self-Selection and Internal Migration in the United States," *Journal of Urban Economics* 32, 159-85.

® Maré, D & Timmins, J. (2004) "Internal Migration and Regional Labour Markets In New Zealand" *Paper presented to the NZAE Conference, Wellington, June 29-July 1 2004*.

de Vries, J. Nijkamp, P. & Rietveld, P. (2000) "Alonso's General Theory of Movement" *Tinbergen Institute Discussion Paper TI 2000-062/3*. [Available for download at <http://www.tinbergen.nl>]

Greenwood, M. (1997) "Internal Migration in Developed Countries" in: Rosenzweig, M & Stark, O. (eds) *Handbook of Population and Family Economics* (Amsterdam: North-Holland), 1B: 647-720.

Poot, J (1986) "A system approach to modeling the inter-urban exchange of workers in New Zealand" *Scottish Journal of Political Economy* 33(3) 249-72.

Stillman, Steven and Isabel Sin. 2005. "The geographical mobility of Maori in New Zealand," *Paper presented to the NZAE Conference, Christchurch, June 2005*. www.nzae.org.nz.

Economic Geography and Local Labour Markets [DM]

30 September 2005

An Introduction to Economic Geography

® Neary, J. P. (2001) **Of Hype and Hyperbolas: Introducing the New Economic Geography.** *The Journal of Economic Literature*, 39(2), 536-561.

Krugman, P. (1999) "The role of geography in development" *International regional science review* 22(2), pp. 142-161.

Agglomeration Effects

® Crawford, R. (2004) **The effects of agglomeration on economic activity - the empirical evidence on mechanisms and magnitudes.** *Draft Report, Wellington: Ministry of Economic Development.*

Duranton, Gilles and Diego Puga. 2003. "Microfoundations of urban agglomeration economies," in (Draft for) *Handbook of Urban and Regional Economics*, Volume 4, Henderson, J. V. and J. F. Thisse (Eds.).

Moretti, Enrico. 2003. "Human Capital Externalities in Cities," in (Draft for) *Handbook of Urban and Regional Economics*, Volume 4, Henderson, J. V. and J. F. Thisse (Eds.). <http://www.core.ucl.ac.be/staff/thisseHandbook/Handbook.html>.

Firm Concentration and Agglomeration

® Devereux, M. P., Griffith, R. and Simpson, H. (2004) The geographical distribution of production activity in the UK. *Regional Science and Urban Economics*, 34, 533-64.

Maré, D (2004) "[Concentration, specialisation and agglomeration of firms in New Zealand](#)"

Paper presented to the NZAE Conference, Wellington, June 29-July 1 2004

http://www.motu.org.nz/pdf/NZAE_2004_Motu_papers/MED_NZAE_ConcAggl.pdf

Ciccone A. & Hall, R. (1996) "Productivity and the Density of Economic Activity", *American Economic Review*, vol. 86, no. 1, pp. 54-70.

Ellison, G. & Glaeser, E. (1999) "The Geographic Concentration of Industry: Does Natural Advantage Explain Agglomeration?" *American Economic Review* 89(2), pp. 311-6.

Local Labour Markets & Wage Curves

® Card, D. (1995) "The Wage Curve: A Review" *Journal of Economic Literature* 33(2) pp, 785-99.

® Roback, J. (1982) "Wages, Rents and the Quality of Life" *Journal of Political Economy* 90(6), pp. 1257-78.

Blanchflower D. & Oswald, A. (1995) "An introduction to the Wage Curve" *Journal of Economic Perspectives* 9(3) pp. 153-67.

[P] Oswald, A. (1999) "The housing market and Europe's unemployment: A non-technical paper" mimeo, Dept of Economics, University of Warwick. [

<http://www.warwick.ac.uk/fac/soc/Economics/oswald/>]

Topel, R. (1986) "Local Labor Markets" *Journal of Political Economy* 94(3 pt 2), pp. S111-S143.

Regional Evolutions

Blanchard, O & Katz, L. (1992) "Regional Evolutions" *Brookings Papers on Economic Activity* 1 pp. 1-75.

Choy, W-K, Maré, D. & Mawson, P. (2002) "Modelling Regional Labour Market Adjustment in New Zealand" *Treasury Working Paper* 02/01. [www.treasury.govt.nz] (*Appendices not required reading.*)

Due 7 October 2005: Long Assignment Three: Critical Review on a Neighbourhoods Paper

Neighbourhood Effects and Social Interactions [DM]

7 October 2005

Not all listed works will be referred to in class.

Social Interactions

® Manski, C. (2000), "Economic Analysis of Social Interactions," *JEP* 14 (Summer), 115-36.

Becker, G and K. Murphy (2000), *Social Economics*, Belknap/Harvard University Press.

Glaeser, E., B. Sacerdote, and J. Scheinkman (2002), "The Social Multiplier," NBER WP No. 9153.

Neighbourhood Effects

Edin, P. P. Fredriksson, and O. Åslund (2003), "Ethnic Enclaves and the Economic Success of Immigrants – Evidence from a Natural Experiment," *QJE* 118 (February).

® Durlauf, Steven N. 2003. "Neighbourhood Effects," in (Draft for) *Handbook of Urban and Regional Economics, Volume 4*, Henderson, J. V. and J. F. Thisse (Eds.).

<http://www.econ.brown.edu/faculty/henderson/handbook.html> or

<http://www.core.ucl.ac.be/staff/thisseHandbook/Handbook.html>.

® Kling, Jeffrey R., Jeffrey B. Liebman and Lawrence F Katz. 2005. "Experimental analysis of neighborhood effects," *Unpublished Draft*. Available online at

http://www.wws.princeton.edu/~kling/mto/mto_exp.pdf; Last accessed 11 July 2005.

Borjas G. (1995), "Ethnicity, Neighborhoods and Human Capital Externalities," *American Economic Review* (June), 365-90.

Case A. and L. Katz (1991), "The Company You Keep: The Effects of Family and Neighborhood on Disadvantaged Youths," NBER WP No. 3706, May.

Cutler, D. and E. Glaeser (1997), "Are Ghettos Good or Bad?," *QJE* 112 (August), 827-72.

Rosenbaum J. (1995), "Changing the Geography of Opportunity by Expanding Residential Choice: Lessons from the Gautreaux Program" *Housing Policy Review* 6, 231-69.

Classroom Peer Effects

Angrist J. and K. Lang (2002), "How Important are Classroom Peer Effects? Evidence from Boston's Metco Program," NBER WP No. 9263, October.

Hanushek, Eric A. 2003. "Does the Ability of Peers Affect Student Achievement?," *Journal of Applied Econometrics*, 18:5, pp. 527-44. Available online at <http://edpro.stanford.edu/eah/papers/peers.aug01.PDF>.

[P] Hoxby C. (2000) "Peer Effects in the Classroom: Learning from Gender and Race Variation," *NBER WP* No. 7867, August.

Sacerdote B. (2001), "Peer Effects with Random Assignment: Results for Dartmouth Roommates," *Quarterly Journal of Economics* 116 (May), 681-704.

Faculty of Commerce and Administration Offices

Railway West Wing (RWW) - FCA Student Administration Office

The Student Administration Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications.

Easterfield (EA) - FCA/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce & Administration and Law is situated in the Easterfield Building - it includes the ground floor reception desk (EA005) and offices 125a to 131 (Level 1). The office, will be open from 9:00 am to 5:00 pm during Trimester 2, offers the following:

- Duty tutors for student contact and advice.
- Information concerning administrative and academic matters.
- FCA Student Administration forms (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

Please note:

There will be a Student Administration Adviser, from the RWW office, based in EA005 from Monday 27 June to Friday 1 July (9:00 am to 5:00 pm) and from Monday 4 July to Friday 22 July (11:00 am to 1:00 pm).

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly those regarding assessment and course of study requirements, and formal academic grievance procedures.

Student Conduct and Staff Conduct

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps can be taken if there is a complaint. For queries about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor. This Statute is available in the Faculty Student Administration Office or on the website at:

www.vuw.ac.nz/policy/StudentConduct.

The policy on Staff Conduct can be found on the VUW website at:

www.vuw.ac.nz/policy/StaffConduct.

Academic Grievances

If you have any academic problems with your course you should talk to the tutor or lecturer concerned or, if you are not satisfied with the result of that meeting, see the Head of School or the Associate Dean (Students) of your Faculty. Class representatives are available to assist you with this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website:

www.vuw.ac.nz/policy/AcademicGrievances.

Academic Integrity and Plagiarism

Academic integrity is about honesty – put simply it means **no cheating**. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. Plagiarism is **prohibited** at Victoria.

The University defines plagiarism as follows:

Plagiarism is presenting someone else's work as if it were your own, whether you mean to or not.

'Someone else's work' means anything that is not your own idea, even if it is presented in your own style. It includes material from books, journals or any other printed source, the work of other students or staff, information from the Internet, software programmes and other electronic material, designs and ideas. It also includes the organization or structuring of any such material.

Plagiarism is not worth the risk.

Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct (www.vuw.ac.nz/policy/studentconduct) and may be penalized severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- suspension from class or university
- cancellation of your mark for an assessment or a fail grade for the course.

Find out more about plagiarism and how to avoid it, on the University's website at: www.vuw.ac.nz/home/studying/plagiarism.html.

Students with Disabilities

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities an equal opportunity with all other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, then please contact the Course Coordinator as early in the course as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services to confidentially discuss your individual needs and the options and support that are available. Disability Support Services are located on Level 1, Robert Stout Building, or phoning 463-6070, email: disability@vuw.ac.nz. The name of your School's Disability Liaison Person can be obtained from the Administrative Assistant or the School Prospectus.

Student Support

Staff at Victoria want students' learning experiences at the University to be positive. If your academic progress is causing you concern, please contact the relevant Course Co-ordinator, or Associate Dean who will either help you directly or put you in contact with someone who can.

The Student Services Group is also available to provide a variety of support and services. Find out more at www.vuw.ac.nz/st_services/ or email student-services@vuw.ac.nz.

VUWSA employs two Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and faculty delegates. The Education Office is located on the ground floor, Student Union Building, phone 463 6983 or 463 6984, email education@vuwsa.org.nz.

Maori and Pacific Mentoring programme (Manaaki Pihipihinga)

This is a free programme of mentoring for Maori and Pacific students doing first year courses within the Faculty of Commerce and Administration. Weekly one hour mentoring sessions: drafting and editing assignments/discussing any questions that you might have from tutorials or lectures and going over every aspect of essay writing, either in small group sessions or on a one-to-one basis.

This includes:

- A computer suite hooked up to cyber commons for students to use to produce their assignments.
- Regular skill-based workshops with a learning adviser from Student Learning Support Services.
- Networking with other Maori and Pacific support groups throughout the university.

For more information please contact:

Melissa Dunlop, Programme Coordinator

Ph: 463 6015 or Email: Maori-Pacific-Mentoring@vuw.ac.nz