

School of Economics and Finance

ECON 416 LABOUR MARKETS

Trimester One 2007

COURSE OUTLINE

Contact Details

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)

Class Times and Room Numbers

First trimester, Fridays 9.30am-12:20pm in RH320. Sessions will be a mixture of formal lectures and group discussion.

Course Objectives

By the end of the course, students should:

- 1) Have a thorough understanding of labour markets, including alternative theories, models and approaches to supply, demand and pricing of different types of labour.
- 2) Be able to apply this understanding to current issues in the international literature and with respect to the New Zealand labour market.
- 3) Have demonstrated this understanding and its application, particularly in written form (by means of formal analytical models or well argued and systematic discourse) and by oral presentation of this written work.

Course Content

Summary of Topics

- A) Introduction to Labour economics and empirical methods (1 class)
- B) Labour Supply (2 classes)
- C) Labour Demand (2 classes)
- D) Human Capital and earnings profiles (3 classes)
- E) Group differences in labour market outcomes (2 classes)
- F) Labour market adjustment dynamics (2 classes)

Readings

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 one survey article and 2 or 3 other relevant articles.

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, (2nd 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.

Materials and Equipment

Silent non-programmable calculators will be allowed in the exam.

Assessment Requirements

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%

- *Literature review -topic to be provided (25%)*
Prepare a critical review of the labour economics literature on a particular question (max 2500 words).
- *In-depth critical review of a specific paper - topic to be provided (20%)*
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: Literature Review 27 April 2007

Long Assignment Two: Critical Review 1 June 2007

Penalties

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 20 will be deducted)

1. A: Introduction to Labour economics and empirical methods 2 Mar 2007

General Approach

Cahuc, P. and Zylberberg, A. (2004) *Labor Economics*, MIT Press, Cambridge, MA.
Introduction

Boyer, G. and Smith, R. (2000) The Development of the Neoclassical Tradition in Modern Labor Economics. *Industrial and Labor Relations Review*, **54(2)**, 199-223.

Freeman, Richard "Program Report, NBER Labor Studies Program"
[<http://www.nber.org/programs/ls/ls.html>]

Kaufman, B. E. (2002) On the Neoclassical Tradition in Labor Economics. *Seminar Paper presented at IZA, 21 May 2002*,
[<http://www.iza.org/iza/en/papers/kaufman210502.pdf>].

Empirical Methods and Methodology

® Angrist, J. D. and Krueger, A. B. (1999) Empirical Strategies in Labor Economics. In O. Ashenfelter and D. Card (Eds.), *Handbook of Labor Economics: Volume III*, North Holland.

Hamermesh, Daniel S (1999) The Art of Labormetrics. *NBER Working Paper*, 6927.

Moffitt, R. A. (1999) New Developments in Econometric Methods for Labor Market Analysis. In O. Ashenfelter and D. Card (Eds.), *Handbook of Labor Economics: Volume 3A*, North Holland, pp. 1367-1397.

Causal Inference – Evaluation

® Bertrand, Marianne, Esther Duflo and Sendhil Mullainathan. 2004. "How much should we trust difference in differences estimates?," *Quarterly Journal of Economics*, 119:1, pp. 249-75.

© Black, D. A., Berger, M. C., Noel, B. J. and Smith, J. A. (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(4)**, 1313-1327

Heckman, J. J. (2000) Microdata, heterogeneity and the evaluation of public policy. *Nobel Prize Lecture*, [<http://www.nobel.se/economics/laureates/2000/heckman-lecture.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.

Angrist, Joshua. (2004) "Treatment effect heterogeneity in theory and practice," *Economic Journal*, 114:494, pp. C52-C83.

Manski, C. (1995) *Identification Problems in the Social Sciences*, Harvard University Press, Cambridge, MA.

NZ

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

<p style="text-align: center;">2. B: Labour Supply (1/2): Basic Labour Supply Behaviour 9 March 2007</p>
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Basic Theory and Estimation

® John Pencavel, “Labor Supply of Men: A Survey,” *Handbook of Labor Economics*, Chapter 2, 1986.

® Mark Killingsworth and James Heckman. “Female Labor Supply: A Survey” *Handbook of Labor Economics*, Chapter 2, 1986.

Deaton, A. And J. Muellbauer. *Economics and Consumer Behavior*. p.86-105 and p.273-87

Cahuc, P. and Zylberberg, A. (2004) *Labor Economics*, MIT Press, Cambridge, MA. Chapter 1

Heckman, J. J. (1993) What has been learned about labour supply in the past twenty years? *American Economic Review*, 83, 116-121.

Killingsworth, M., *Labor supply*, Cambridge University Press, Cambridge, 1983

Women

Thomas Mroz, “The Sensitivity of an Empirical Model of Married Women's Hours of Work to Economic and Statistical Assumptions,” *Econometrica* 55 July 1987 765-800.

Heckman, J. “Sample Selection Bias as a Specification Error.” *Econometrica*. 1979.

Costa, D. (2000). "From Mill Town to Board Room: The Rise of Women's Paid Labor" *Journal of Economic Perspectives*, 14.4:101-122.

Men

© Juhn, C. (1992), “The Decline of Male Labor Market Participation: The Role of Declining Market Opportunities”, *Quarterly Journal of Economics*, 79-122.

Costa, D. "The Wage and the Length of the Working Day: From the 1890's to 1991". *Journal of Labor Economics* 18(1) (January 2000): 156-181.

New Zealand Evidence

Dixon, Sylvia, “Labour Force Participation over the last ten years, “ November, 1996, *Labour Market Bulletin*, Issue 1996:2.

Kalb, G. and Scutella, R. (2003) New Zealand Labour Supply from 1991-2001: An Analysis Based on a Discrete Choice Structural Utility Model. *NZ Treasury Working Paper*, 2003/23

Creedy, J. and Kalb, G. (2003) Discrete Hours Labour Supply Modelling: Specification, Estimation and Simulation. *NZ Treasury Working Paper*, 2003/20.

Johnston, Grant (2005), “Women’s participation in the labour force”, New Zealand Treasury Working Paper 05/06.

3. C: Labour Supply (2/2): Labour Supply in more complex situations 16 March 2007

Taxes

- ® Blundell and MaCurdy, "Labor Supply: A Review of Alternative Approaches" *Handbook of Labor Economics*, Vol. III
- Eissa, Nada and Jeffrey B. Liebman, 1996, "Labor Supply Response to the Earned Income Tax Credit," *Quarterly Journal of Economics*, May, 605-637.
- ® Moffitt. "The Econometrics of Kinked Budget Constraints." *Journal of Economic Perspectives* 1990.
- Blundell, R., A. Duncan, and C. Meghir (1998), "Estimation of Labour Supply Responses using Tax Policy Reforms," *Econometrica*, 66(4), 827-61.
- Eissa, Nada. "Taxation and Labor Supply of Married Women: The Tax Reform Act of 1986 as a Natural Experiment" *NBER Working Paper #W5023*, 1995.

Transfers

- Hoynes, H. "Welfare Transfers in 2-Parent Families: Labor Supply and Welfare Participation under AFDC-UP" *Econometrica*. 1996.
- ® Grogger, Jeffrey, 2001, "The Effects of Time Limits and Other Policy Changes on Welfare Use, Work and Income Among Female-Headed Families," *NBER Working Paper #8153*.
- Meyer, Bruce D. and Dan T. Rosenbaum, 2000, "Making Single Mothers Work: Recent Tax and Welfare Policy and Its Effects," *NBER Working Paper #7491*, January.

Intertemporal Behavior

- © Gerald Oettinger, "An Empirical Analysis of the Daily Labor Supply of Stadium Vendors," *Journal of Political Economy*, 1999
- Thomas E. MaCurdy. "An Empirical Model of Labor Supply in a Life-Cycle Setting," *Journal of Political Economy* 89 December 1981: 1059-1085.
- Altonji, Joseph. (1986). "Intertemporal substitution in labor supply: Evidence from micro data," *Journal of Political Economy*, 94.3(Part 2), S176-215.
- Colin Camerer, Linda Babcock, George Loewenstein, and Richard Thaler. "Labor Supply of New York City Cabdrivers: One Day at a Time" *Quarterly Journal of Economics* 112 May 1997 407-41.
- H.S. Farber. (2003) "Is Tomorrow Another Day? The Labor Supply of New York Cab Drivers," *NBER Working Paper No. 9706*.

Households

- Stephens, Melvin, Jr. (2002). "Worker Displacement and the Added Worker Effect," *Journal of Labor Economics* 20:3, July: 504-537.
- Chiappori, P-A. (1992). Collective labor supply and welfare, *Journal of Political Economy*, June, 100:437-467.
- Lundberg, S. 1988. "Labor Supply of Husbands and Wives: A Simultaneous Equations Approach," *Review of Economics and Statistics*, 70:224-235

4. A: Labour Demand (1/2): Basic Labour Demand
23 March 2007

Static Labour Demand Theory

- Cahuc, P. and Zylberberg, A. (2004) *Labor Economics*, MIT Press, Cambridge, MA. Chapter 4
- Marshall, A. (1920) *Principles of Economics (8th Edition)*, Macmillan and Co., Ltd, London.
- © Hamermesh, D. S. (1986) The demand for labor in the long run. *Handbook of Labor Economics Vol I*, pp. 429-71.
- (1993) *Labor Demand*, Princeton University Press, Princeton, Chapter 2.

Empirics

- Hamermesh, D. S (1993) *Labor Demand*, Princeton University Press, Princeton, Chapter 3
- Angrist, J. (1996) Short-Run Demand for Palestinian Labor. *Journal of Labor Economics*, 14(3), 425-53.
- © Hamermesh, D. S. and Trejo, S. J. (2000) The demand for hours: Direct Evidence from California. *Review of Economics and Statistics*, 82, 38-47.

Dynamics of Labour Demand

- © Oi, W. (1962) Labour as a quasi-fixed factor. *Journal of Political Economy*, 70, 538-55.
- Russel W. Cooper, John C. Haltiwanger, Jonathan Willis "Dynamics of Labor Demand: Evidence from Plant-level Observations and Aggregate Implications" *NBER Working Paper 10297*
- Hamermesh, D. S. and Pfann, G. A. (1996) Adjustment Costs in Factor Demand. *Journal of Economic Literature*, 34(3), 1264-92.
- Nickell, S. J. (1986) Chapter 9: Dynamic Models of Labor Demand. In O. Ashenfelter and R. Layard (Eds.), *Handbook of Labor Economics Vol I*, Elsevier, Amsterdam, pp. 3029-84.

5. B: Labour Demand (2/2): Advanced Labour Demand
30 March 2007

Imperfect Competition

- © Black, S. and Strahan. P. (2001), "The Division of the Spoils: Rent-Sharing and Discrimination in a Regulated Industry," *American Economic Review* 91 (September), 914-31.
- © Bhaskar, V., Manning, A. and To, T. (2003) Oligopsony and Monopsonistic Competition in Labor Markets. *Journal of Economic Perspectives*, 16(2), 155-74.
- Boal, W. M. and Ransom, M. R. (1997) Monopsony in the Labor Market. *Journal of Economic Literature*, 35(1), 86-112.
- Manning, A. (2003) The Real Thin Theory: Monopsony in Modern Labour Markets. *Labour Economics*, 10, 105-31.
- Manning, A. (2003) *Monopsony in Motion*, Princeton University Press, Princeton.
- Scully, G. W. (1974) Pay and Performance in Major League Baseball. *American Economic Review*, 64:5, 915-30.

Industry and firm-size premia

- Brown, C. and J. Medoff. 1989. "The Employer Size-Wage Effect," *Journal of Political Economy*, 97:1027-1059 (JSTOR)
- Main, B. and B. Reilly. 1993. "The Employer-Size Wage Gap: Evidence from Britain," *Economica*, 60:125-142 (JSTOR)
- ® Troske, K. 1999. "Evidence on the Employer Size-Wage Premium from Worker-Establishment Matched Data," *Review of Economics and Statistics*, 81:15-26
- C. Brown and Medoff, J.L. 2003. "Firm Age and Wages," *Journal of Labor Economics*, 21:677- 698
- Katz, Lawrence F. and Lawrence H. Summers (1989), Industry Rents: Evidence and Implications, *Brookings Papers on Economic Activity (Microeconomics)*: 209-290.
- Krueger, Alan B. and Lawrence H. Summers (1987), "Reflection on the Inter-Industry Wage Structure," in Kevin Lange and Jonathan Leonard, *Unemployment and the Structure of Labor Markets*, Oxford, UK: Basil Blackburn.
- Oi, W. Y. and Idson, T. L. (1999) Firm Size and Wages. In O. Ashenfelter and D. Card (Eds.), *Handbook of Labor Economics*, Vol. 3B, Chapter 33 Elsevier Science, Amsterdam, pp.

<p style="text-align: center;">6. A: Human Capital and earnings profiles (1/2) 27 April 2007</p>
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Human Capital Theory

- ® Ben-Porath, Y. (1967) The production of human capital and the life-cycle of earnings. *Journal of Political Economy*, **75**, 352-65.
- Becker, G. S. (1993) *Human Capital (3rd Edition)*, University of Chicago Press, Chicago.
- Cahuc, P. and Zylberberg, A. (2004) *Labor Economics*, MIT Press, Cambridge, MA. Chapter 2
- ® Mincer, J. (1997) The production of human capital and the life cycle of earnings: Variations on a theme. *Journal of Labor Economics*, **15(1)**, S26-47.

General and Specific Human Capital

- Lazear, E. P. (2003) Firm-Specific Human Capital: A Skill-Weights Approach. *NBER Working Paper*, 9679.
- Acemoglu, D. and Pischke, J.-S. (1998) Why do firms train? Theory and Evidence. *Quarterly Journal of Economics*, 79-119.
- Kletzer, L. G. (1998) Job Displacement. *Journal of Economic Perspectives*, 12(1), 115-36.

Human Capital Empirics

- ® Heckman, J. J., Lochner, L. J. and Todd, P. E. (2003) Fifty Years of Mincer Earnings Regressions. *NBER Working Paper*, 9732, Cambridge MA: NBER [Earlier version at <http://economics.uchicago.edu/download/econ311/Mincer/mincer345.pdf>].
- © Hellerstein, Judith K, and Neumark, David (2004) "Production Function and Wage Equation Estimation with Heterogeneous Labor: Evidence from a New Matched Employer-Employee Data Set" NBER Working Paper [W10325](#)
- Polachek, S. and Siebert, W. S. (1993) *The Economics of Earnings*, Cambridge University Press, Cambridge.

Screening and Signalling

- ® Weiss, Andrew (1995) "Human Capital and Sorting models" *Journal of Economic Perspectives* 9(4) pp. 133-54.
- Cahuc, P. and Zylberberg, A. (2004) *Labor Economics*, MIT Press, Cambridge, MA. Chapter 2 Section 3
- Mas-Colell, A., Whinston, M. D. and Green, J. R. (1995) *Microeconomic Theory*, Oxford University Press, New York, Chapter 13

MID TRIMESTER BREAK: No class on 6 April, 13 April and 20 April

Due 27 April 2007: Long Assignment One: Literature Review

7. B: Human Capital and earnings profiles (2/2) 4 May 2007

Returns to Schooling

- ® Card, D. (1999) The causal effect of education on earnings. In O. Ashenfelter and D. Card (Eds.), *Handbook of Labor Economics*, Vol. 3A, Chapter 30 Elsevier Science, Amsterdam, pp. 1801-1864.
- Gibson, J. (1998) *Ethnicity and Schooling in New Zealand: an Economic Analysis Using a Survey of Twins*, Institute of Policy Studies, Victoria University of Wellington, Wellington.
- Griliches, Z. (1977) Estimating the Returns to Schooling: Some Econometric Problems. *Econometrica*, **45(1)**, 1-22

Personnel Economics

- Lazear, E. P. (1999) Personnel Economics: Past Lessons and Future Directions. *Journal of Labor Economics*, **17(2)**, 199-236.
- Lazear, E. P. 2000. "The Future of Personnel Economics," *Economic Journal*, 110:467
- Cahuc, P. and Zylberberg, A. (2004) *Labor Economics*, MIT Press, Cambridge, MA. Chapter 6

Pay and incentives

- ® Abowd, J. M. and D. S. Kaplan. 1999. "Executive Compensation: Six Questions That Need Answering," *Journal of Economic Perspectives*, 13:4, pp. 145-68.
- Akerlof, George and Katz, Lawrence, "Workers' Trust Funds and the Logic of Wage Profiles," QJE, Aug. 1989
- © Eriksson, T. 1999. "Executive Compensation and Tournament Theory: Empirical Tests on Danish Data," *Journal of Labor Economics*, 17:2, pp. 262-280.
- Lazear E. (2000) Performance pay and productivity, *American Economic Review*, 90, 1346-61
- Lazear, E. P. and Rosen, S. (1981) Rank-Order Tournaments as Optimum Labor Contracts. *Journal of Political Economy*, **89**, 841-64.
- Prendergast, C. 1999. "The Provision of Incentives in Firms," *Journal of Economic Literature*, 37:1, pp. 7-63.
- Seltzer, Andrew, and David Merrett. 2000. "Personnel Policies at the Union Bank of Australia: Evidence from the 1888-1900 Entry Cohorts." *Journal of Labor Economics* 18: 573-613.

® Shapiro, C. and J. E. Stiglitz. 1984. "Equilibrium Unemployment as a Worker Discipline Device," *American Economic Review*, 74:3, pp. 433-44.

8. A: Group differences in labour market outcomes (1/2)
11 May 2007

Why Do Differences Occur – Discrimination?

Joseph Altonji and Rebecca Blank. "Race and Gender in the Labor Market" in *Handbook of Labor Economics*, Volume 3, eds. Orley Ashenfelter and David Card. Amsterdam: North-Holland, 1999.

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

Shelly J. Lundberg and Richard Startz. "Private Discrimination and Social Intervention in Competitive Labor Markets," *American Economic Review* 73 June 1983 340-347.

P.A. Riach and J. Rich (2002), "Field Experiments of Discrimination in the Market Place," *Economic Journal*, 112 (November), F480-F518.

David Autor's lecture notes on discrimination:

http://econ-www.mit.edu/faculty/download_appen.php?id=60

Why Do Differences Occur – Compensating Differentials?

Cahuc, P. and Zylberberg, A. (2004) *Labor Economics*, MIT Press, Cambridge, MA. Chapter 5

Rosen, S. "The Theory of Equalizing Differences" in *Handbook of Labor Economics*, Vol. I, ed. by Ashenfelter and Layard (1986), Chapter 12.

Hae-shin Hwang, W. Robert Reed, and Carlton Hubbard. "Compensating Differentials and Unobserved Productivity" *Journal of Political Economy* 100 August 1992 835-858.

9. B: Group differences in labour market outcomes (2/2 classes)
18 May 2007

Gender Differences

Goldin, C. and Rouse, C. (2000) Orchestrating Impartiality: The Impact of blind auditions on the sex composition of orchestras. *American Economic Review*, 90(4), 715-41.

J. Hellerstein, D. Neumark and K. Troske (1999), "Wages, Productivity, and Worker Characteristics: Evidence from Plant-Level Production Functions and Wage Equations," *Journal of Labor Economics* 17 (July), 409-446.

Oaxaca, Ronald. "Male-Female Wage Differentials in Urban Labor Markets," *International Economic Review*, October 1973.

Francine D. Blau and Lawrence M. Kahn. "Trends in the Gender Wage Differential in the 1980s." *Journal of Labor Economics*, 15 (1997), 1-42.

Gronau, R. (1988) "Sex-Related Wage Differentials and Women's Interrupted Labor Careers — The Chicken or the Egg," *Journal of Labor Economics*. 6:3.

Ethnic/Racial Differences

Neal, Derek, and William Johnson. "The Role of Pre-market Factors in Black-White Wage Differences" *Journal of Political Economy* 104 1996 869-95.

- Bertrand, M. and Mullainathan, S. (2003) Are Emily and Greg more employable than Latisha and Jamal? A field experiment on labor market discrimination. *NBER Working Paper*, 9873.
- Carrington, William and Kenneth Troske. "Interfirm Segregation and the Black/White Wage Gap," *Journal of Labor Economics*, April 1998.
- K. Chay (1998), "The Impact of Federal Civil Rights Policy on Black Economic Progress: Evidence from the Equal Employment Opportunity Act of 1972, *ILRR*, July.
- H. Holzer and D. Neumark (2000), "Assessing Affirmative Action," *JEL* 38 (Sept), 483-568.

<p>10. A: Labour market adjustment: Search and Turnover (1/2) 25 May 2007</p>
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Worker turnover

- ® Farber, H. S. (1999) Mobility and Stability: The Dynamics of Job change in Labor Markets. In O. Ashenfelter and D. Card (Eds.), *Handbook of Labor Economics, Vol 3B*, Elsevier, Amsterdam, pp. 2439-2484.
- Neal, D. (1999) The complexity of job mobility among young men. *Journal of Labor Economics*, **17(2)**, 237-261.
- Topel, R. H. and Ward, M. (1992) Job Mobility and the Careers of Young Men. *Quarterly Journal of Economics*, **107**, 441-79

Job Search

- ® Rogerson, Richard, Robert Shimer, and Randall Wright (2005). "Search-theoretic models of the labor market: A survey." *Journal of Economic Literature*, 43:4, pp. 959-88.
- © Katz, Lawrence F and Bruce Meyer. 1990. "The impact of potential duration of unemployment benefits on the duration of unemployment," *Journal of Public Economics*, 41:21, pp. 45-72.
- Mortensen, D. T. (1986) Job Search and Labor Market Analysis. *Handbook of Labor Economics*, 2, 849-919.
- Stigler, G. J. 1962. "Information in the Labor Market," *Journal of Political Economy*, 70:5 Pt 2, pp. 94-105.

New Zealand Evidence

- Callister, P. (1997) Trend in Employee Tenure, Turnover and Work Scheduling Patterns: A Review of the Empirical Research Evidence. *Occasional Paper*, 1997/1, Wellington: Labour Market Policy Group, Department of Labour.
- Carroll, N., Hyslop, D. R., Maré, D. C., Timmins, J. and Wood, J. (2002) An Analysis of New Zealand's Business Demography Database. *New Zealand Economic Papers*, **36(1)**, 59-62.
- Statistics New Zealand (2006) "Linked Employer-Employee Data (To December 2004 quarter) - Hot Off The Press" available from www.stats.govt.nz.

<p>Due 1 June 2007: Long Assignment Two: Critical Review</p>

11. B: Labour market adjustment: Aggregate Dynamics (2/2)
1 June 2007

Frictions in the labour market

- ® Manning, A. (2005) "A Simple Model of a Labour Market with Frictions". Lecture Notes for LSE Course Ec423, [http://econ.lse.ac.uk/staff/amanning/courses/ec423/simplemodel.pdf; Last accessed 22 February 2006].
- ® Petrongolo, B. and Pissarides, C. A. (2001) Looking into the black box: A survey of the matching function. *Journal of Economic Literature*, **39**, 390-431
- Autor, D. H. (2004) "Lecture Note: Equilibrium Unemployment Theory". Notes for MIT Course 14.662 (Labor Economics II), [http://econ-www.mit.edu/faculty/download_appen.php?id=75; Last Accessed 22 February 2006].
- Berman, E. 1997. "Help Wanted, Job Needed: Estimates of a Matching Function from Employment Service Data," *Journal of Labor Economics*, 15:1 pt 2, pp. S251-S292.
- Cahuc, P. and Zylberberg, A. (2004) *Labor Economics*, MIT Press, Cambridge, MA Chapter 3
- Mortensen, D. T. and C. A. Pissarides. 1994. "Job Creation and Job Destruction in the Theory of Unemployment," *Review of Economic Studies*, 61:3, pp. 397-415.
- Pissarides, C. A. 2000. *Equilibrium Unemployment Theory, Second Edition*, Cambridge MA: MIT Press.

Job creation and destruction

- ® Davis, S. J. and Haltiwanger, J. C. (1999) Gross Job Flows. In O. Ashenfelter and D. Card (Eds.), *Handbook of Labour Economics, Volume 3*, Elsevier Science, Amsterdam.
- Abowd, J. M., et al. (2002) The Relation among Human Capital, Productivity and Market Value: Building Up from Micro Evidence. *LEHD Technical Working Paper*, 2002-14: US Census Bureau [http://www.lehd-test.net/papers/abstract.php?tp=tp-2002-14.pdf]
- Foster, L., Haltiwanger, J. C. and Krizan, C. J. (1997) Aggregate Employment Dynamics: Building from Microeconomic Evidence. *American Economic Review*, **87(1)**, 115-37.
- Haltiwanger, J. C., Lane, J. and Spletzer, J. (2000) Wages, Productivity, and the Dynamic Interaction of Businesses and Workers. *NBER Working Paper*, **7994**.
- Law, David and Nathan McLellan. 2005. "The Contributions from Firm Entry, Exit and Continuation to Labour Productivity Growth in New Zealand," *Treasury Working Paper 05/01*. Available online at http://www.treasury.govt.nz/workingpapers/2005/wp05-01.asp; Last accessed 22 February 2006.

Communication of Additional Information

Some papers and all lecture notes will be posted on Blackboard.

Faculty of Commerce and Administration Offices

Railway West Wing (RWW) - FCA Student and Academic Services Office

The Faculty's Student and Academic Services 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. To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

Easterfield (EA) - FCA/Education/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce and Administration, Education 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 is available for the following:

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

To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly the Assessment Statute, the Personal Courses of Study Statute, the Statute on Student Conduct and any statutes relating to the particular qualifications being studied; see the Victoria University Calendar or go to www.vuw.ac.nz/policy.

For information on the following topics, go to the Faculty's website www.vuw.ac.nz/fca under Important Information for Students:

- Academic Grievances
- Academic Integrity and Plagiarism
- Student and Staff Conduct
- Meeting the Needs of Students with Impairments
- Student Support

Manaaki Pihipihinga Programme

Manaaki Pihipihinga is an academic mentoring programme for undergraduate Māori and Pacific students in the Faculties of Commerce and Administration, and Humanities and Social Sciences. Sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade (back courtyard), Room 109D, and Room 210, Level 2, Railway West Wing. There is also a Pacific Support Coordinator who assists Pacific students by linking them to the services and support they need while studying at Victoria. Another feature of the programme is a support network for Postgraduate students with links to Postgraduate workshops and activities around Campus.

For further information, or to register with the programme, email manaaki-pihipihinga-programme@vuw.ac.nz or phone (04) 463 5233 ext. 8977. To contact the Pacific Support Coordinator, email pacific-support-coord@vuw.ac.nz or phone (04) 463 5842.