

Master Seminar “Selected Topics in Labor Economics”

The labor market affects daily live and welfare of the majority of individuals. Hence, the analysis of the labor market is of importance and interest not only to economists but to the population as a whole. Issues are often debated highly controversially. Good instances are minimum wages or increasing the pressure on the unemployed. Economists ought to have at least a basic understanding of these topics. Given the topics are so numerous, we will only be able to discuss a selection of them. The seminar offers participants to discuss and understand a number of interesting issues related to the labor market in detail.

General Information and Prerequisites

The seminar will start with a preliminary session at the beginning of the term, and then take place as a two-days block seminar in mid-January (January 15 and 16, 2016). The **seminar is open to Master students** in Economics, any other Master studies of Faculty III, and of course, to foreign guest students (Erasmus etc.). Participants should have a solid background in micro- and macroeconomics, and empirical economics.

In order to pass the seminar, students must submit a seminar paper, present their work in the block seminar, and participate in all parts of the seminar. Complete attendance on both days plus the preliminary session is compulsory to pass the seminar. Grading is based on the seminar paper, the presentation, and the quality of active participation in the block-seminar discussions. The language in the seminar will be English.

At the chair’s homepage you find the Chair’s guidelines for seminar papers and hints on how to write a good seminar paper. Each participant must follow exactly these hints. Non-compliance will cause a reduction of the final grade!

Registration

Students who want to apply for the seminar must write an email to schulten@vwl.uni-siegen.de with “Seminar: Labor Economics” in the subject line. In this email, please provide your matriculation number and a **complete** ranking of the list of topics,

starting with your first-best preferred topic, so that we can allocate the topics by the interests of the participants. The maximum number of participants is 15. The deadline for application is **August 30, 2015**.

At latest, the students receive answer and, if successful, the topic on September 15, 2015. Then, the deadline for official registration at HISPOPS-LSF is **September 29, 2015**. **De-registration is only possible up to this day!** An official registration, although the student did not get a topic at the seminar, will be evaluated as 5.0 (failure). So do only register if you really were successful in getting a topic!

PLEASE NOTE THAT THE SEMINAR PROCEDURE HAS CHANGED: you now only have three tries to pass a seminar (as it was always the rule for the exams of lectures)! **Non-participation after registration will be evaluated as 5.0 and as one of these three tries!** The official procedure of the registration is provided by the examination office at:

http://www.wiwi.uni-siegen.de/pruefungsamt/pruefungen/anmeldung_seminare/anmeldung_vwl_seminare.html?lang=de

(unfortunately, only in German; if you have trouble in understanding the procedure please ask the examination office or any member of the staff of the Economics Department!)

Procedure of the Seminar

The seminar starts on **October 20, 2015** with the preliminary session, which is obligatory for all participating students (room: H-C 7325, time: 18:00-20:00 p.m.). Students who do not show up at this first meeting are evaluated 5.0 (**including with a loss of one out of three tries!**). The deadline for submission of the term paper is **December 16, 2015**. Each student needs to hand in two printed versions to the Chair for European Economic Policy (offices of Frau Siebel, Lisa Schulten, Vítězslav Titl, or Benjamin Schäfer), or at the chair's post box at floor 5. Additionally, an electronic version (**only one single file in pdf is accepted!**) must be sent to schulten@vwl.uni-siegen.de.

The block seminar will take place on **January 15, 2016** and **January 16, 2016** from 08:30 to 20:00, respectively (in room H-B 6414).

Important Dates and Deadlines

Today	Beginning of application
August 30, 2015	Deadline for application
September 15, 2015	Deadline for allocation of topics
September 29, 2015	Deadline for official binding registration
October 20, 2015	Preliminary Session (18:00 - 20:00, room H-C 7325)
December 16, 2015	Deadline for handing in the term paper
January 15, 2016	Block Seminar (preliminary 08:30 - 20:00, room H-B 6414)
January 16, 2016	Block Seminar (preliminary 08:30 - 20:00, room H-B 6414)

* * *

General Literature

- Important helpful text books on labor economics are, for instance:
 - Boeri, T. and van Ours, J. (2008), *Imperfect Labor Markets*, Princeton: Princeton University Press.
 - Borjas (2008), *Labor Economics*, 4th ed., McGraw-Hill.
 - Cahuc and Zylberberg (2004), *Labor Economics*, MIT Press.
 - Ehrenberg and Smith (2006), *Modern Labor Economics: Theory and Public Policy*, 9th ed., Pearson.
 - Franz (2009), *Arbeitsmarktökonomik*, 7. Auflage, Springer.
 - *Handbook of Labor Economics*, 5 Volumes, North-Holland/Elsevier.
 - Saint-Paul, G. (2000), *The Political Economy of Labour Market Institutions*, Oxford: Oxford University Press.

List of Seminar Topics (with first literature hints)

Below you find the 15 topics of the seminar. For each topic, some literature hints are already given for orientation. These hints are **not sufficient** and thus do not substitute the important starting step of a comprehensive literature search!

Topic 1: The function and effect of trade unions at the labor market

- Addison, J.T., and C. Schnabel (2003), “International Handbook of Trade Unions”, Cheltenham: Edward Elgar Publishing.
- Aidt, T.S. and Z. Tzannatos (2008), “Trade unions, collective bargaining and macroeconomic performance: a review”, *Industrial Relations Journal* 39(4): 258-295.
- Fitzenberger, B., K. Kohn and A. Lembcke (2008), “Union Density and Varieties of Coverage: The Anatomy of Union Wage Effects in Germany”, CEP Discussion Paper No. 859.

Topic 2: Labor market effects of minimum wage regulations

- Card and Krueger (2000), A Re-analysis of the Effect of the New Jersey Minimum Wage with Representative Payroll Data, *American Economic Review* 90, December 2000.
- German Economic Review (2013), Special Issue on the Economic Effects of Minimum Wages in Germany.
- Manning, Alan (2013), “Minimum wages: A view from the UK,” *Perspektiven der Wirtschaftspolitik* 14(1/2): 57–66.

Topic 3: The effects of employment protection

- Addison, J. and P. Teixeira (2003), “The economics of employment protection,” *Journal of Labor Research* 24(1): 85–129.
- Autor, David H. (2003), “Outsourcing at Will: The Contribution of Unjust Dismissal Doctrine to the Growth of Employment Outsourcing,” *Journal of Labor Economics* 21(1): 1–42.
- Nickel, S. (1997), “Unemployment and labor market rigidities: Europe versus North America,” *Journal of Economic Perspectives* 3: 55–74.
- OECD (1999), *Employment Protection and labor market performance*, in: OECD (ed.), *Employment Outlook*, Chapt. 2, Paris: OECD.

Topic 4: The labor market effects of the “Hartz-Reforms” in Germany

- Jacobi, L. and J. Kluve (2006), “Before and After the Hartz Reforms: The Performance of Active Labour Market Policy in Germany”, IZA Discussion Paper No. 2100.
- Schneider, J. (2008), “The Effect of Unemployment Benefit II Sanctions on Reservation Wages”, IAB Discussion Paper No. 200819.
- Huber, M., M. Lechner, C. Wunsch and T. Walter (2009), “Do German Welfare-to-Work Programmes Reduce Welfare and Increase Work?”, IZA Discussion Paper No. 4090.

Topic 5: The political economy of labor market regulation

- Saint-Paul, Gilles (1993), “On the Political Economy of Labor Market Flexibility,” *NBER Macroeconomics Annual* 1993, Volume 8: 151–196.
- Saint-Paul, Gilles (2010), “Endogenous Indoctrination: Occupational Choices, the Evolution of Beliefs and the Political Economy of Reforms,” *Economic Journal* 120(544): 325-353.
- Saint-Paul, Gilles (2002), “Some Thoughts on Macroeconomic Fluctuations and the Timing of Labor Market Reform,” IZA Discussion Paper 611, Bonn: Institute for the Study of Labor (IZA).

Topic 6: The gender wage gap and discrimination at the labor market

- Kunze, A. (2008), “Gender wage gap studies: consistency and decomposition”, *Empirical Economics* 35: 63-76.
- Gannon, B., Plasman, R.F. Rycx, and I. Tojerow (2007), “Inter-Industry Wage Differentials and the Gender Wage Gap: Evidence from European Countries”, *Economic and Social Review* 38(1): 35-55.
- Fortin, N. (2008), “The gender wage gap among young adults in the United States: the importance of money vs. people”, *Journal of Human Resources* 43(4): 886-920.

Topic 7: Business taxation and wages

- Arulampalam, W., Devereux, M. P., Maffini, G. (2012), “The direct incidence of corporate income tax on wages,” *European Economic Review* 56(6): 1038–1054.
- Gravelle, J. C. (2010), “Corporate tax incidence: Review of general equilibrium estimates and analysis,” Working Paper Series 2010-03, Congressional Budget Office.
- Liu, L. and Altshuler, R. (2013), “Measuring the burden of the corporate income tax under imperfect competition,” *National Tax Journal* 66(1): 215–238.

Topic 8: Income taxes, wages, and employment

- Calmfors, Lars (1995), “Comment on Bertil Holmlund and Ann-Sofie Kolm: Progressive Taxation, Wage Setting, and Unemployment: Theory and Swedish Evidence,” *Swedish Economic Policy Review* 2: 461–470.
- Hersough, Tor (1984), “Union wage responses to tax changes,” *Oxford Economic Papers* 36: 37–51.
- Schneider, Kerstin (2005), “Union wage setting and progressive income taxation with heterogeneous labor: theory and evidence from the German income tax reforms 1986-1990,” *Labour Economics* 12(2): 205–222.
- Pissarides, Ch. (1998), “The impact of employment tax cuts on unemployment and wages: The role of unemployment benefits and tax structure,” *European Economic Review* 42(1): 155–183.

Topic 9: The hysteresis phenomenon at the labor market

- Blanchard, Olivier J. and Lawrence H. Summers (1987), “Hysteresis in Unemployment,” *European Economic Review* 31(1/2): 288–295.
- Camarero, Mariam and Cecilio Tamarit (2004), “Hysteresis vs. natural rate of unemployment: new evidence for OECD countries,” *Economics Letters* 84(3): 413–417.
- Elmslie, Bruce and Stanley Sedo (1996), “Discrimination, social psychology, and hysteresis in labor markets,” *Journal of Economic Psychology* 17(4): 465–478.

Topic 10: Unemployment and happiness

- Kassenboehmer, S.C. and J.P. Haisken-DeNew (2009), “You’re fired! The Causal Negative Effect of Entry Unemployment on Life Satisfaction”, *Economic Journal* 119: 448-462.
- Knabe, A., S. Rätzl, R. Schöb and J. Weimann (2009), “Dissatisfied with Life, but Having a Good Day: Time-Use and Well-Being of the Unemployed”, CESifo Working Paper No. 2604.
- Krueger, A.B. and A. Mueller (2008), “The Lot of the Unemployed: A Time Use Perspective”, IZA Discussion Paper No. 3490.

Topic 11: Working time and employment

- Bosch, G. and S. Lehndorff (2001), “Working-time reductions and employment: experiences in Europe and economic policy recommendations,” *Cambridge Journal of Economics* 25(2): 209–243.
- Hart, R. A. (1987), *Working Time and Employment*, London: Allen and Unwin.
- Hart, R. A. (2010 [1987]), *Working Time and Employment (Routledge Revivals)*, Taylor & Francis e-Library.
- Jacobson, Tor and Henry Ohlsson (2000), “Working time, employment, and work sharing: Evidence from Sweden,” *Empirical Economics* 25(1): 169–187.

Topic 12: The economic effects of high skilled immigration

- Borjas, G. (2005), “The Labor Market Impact of High Skill Immigration,” *American Economic Review* 95(2): 56-60.

- Chiswick, B.R. (2011), "Immigration: High Skilled vs. Low Skilled Labor?", IZA Policy Paper No. 28.
- Hunt, J.H. and M. Gauthier-Loisell (2010), "How much does immigration boost innovation?", *American Economic Journal of Macroeconomics* 2: 31-56.

Topic 13: The economics of private sector training

- Almeida, R. and P. Carneiro (2009), "The return to firm investments in human capital", *Labour Economics*, 16: 97-106
- Bassanini, A., A. Booth, G. Brunello, M. De Paola and E. Leuven (2005), "Workplace Training in Europe", IZA Discussion Paper No. 1640.
- Leuven E. (2005), "The economics of private sector training: a survey of the literature", *Journal of Economic Surveys*, 19 (1): 91-111.

Topic 14: Child labor and the labor market

- Basu, K. (1999), "Child Labor: Cause, Consequence, and Cure, with Remarks on International Labor Standards," *Journal of Economic Literature*, XXXVII(3): 1083–1119.
- Duryea, Suzanne and Mary Arends-Kuenning (2003), "School Attendance, Child Labor and Local Labor Market Fluctuations in Urban Brazil," *World Development* 31(7): 1165–1178.
- Siemers, L.-H. (2005), "Land Reforms and the Rural Labor Market," Chapter 8, in: L.-H. Siemers, "How to Overcome Poverty by Education," Heidelberg University: <http://www.ub.uni-heidelberg.de/archiv/5363>

Topic 15: Homework and the labor market: optimal work allocation of couples

- Becker, Gary S. (1965), "A theory of the allocation of time," *Economic Journal* 75: 493–517.
- Blundell, R. and T. MaCurdy (1999), "Labor supply: A review of alternative approaches," in: Ashenfelter, O. and D. Card (eds.), *Handbook of Labor Economics*, Vol. 3A, Chapt. 27, Amsterdam: Elsevier.
- Chiappori, P.-A. (1992), "Collective labor supply and welfare," *Journal of Political Economy* 100: 437–467.

- Gronau, Reuben (1977), “Leisure, home production and work—The theory of the allocation of time revisited,” *Journal of Political Economy* 85: 1099–1123.
- Rupert, Peter, Richard Rogerson, and Randall Wright (2000), “Homework in labor economics: Household production and intertemporal substitution,” *Journal of Monetary Economics* 46(3): 557–579.