

# Topics in Labour Economics – *details subject to changes*

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## Course Objectives and Evaluation

This course studies key trends in developed economies' labour markets. Among others, we will cover the rising inequality in terms of income and jobs, the supply and demand for different skills, the role of firms, and technology's impact on the future of work. We will also learn about appropriate economic models and econometric methods together with pertinent data sources.

This is a graduate course on special topics in labour economics directed at advanced Masters and Ph.D. students. Evaluation will be mainly based on an own research project, including presentation and draft proposal/paper. Students will also critically present researchs articles from the syllabus during the course of the term.

## Communication & Location

- Classes are Mondays 12-2pm in Juridicum Room 0.017.
- Office hours by arrangement: mboehm1@uni-bonn.de.

## Prospective Topics

### 1. Secular trends in the distribution of wages and jobs

- (a) Changes over time and cross-country comparisons
- (b) Supply, demand and job polarization

### 2. The role of skills

- (a) Importance of cognitive versus non-cognitive skills.
- (b) Skills pricing.

### 3. The role of firms

- (a) Firm behavior: rent sharing and wage premia.
- (b) Implications for skill selection, outsourcing, compensating differences, and econometric issues.

#### 4. The role of new technology

- (a) Direct evidence.
- (b) Predictions for the future.

## References

Good microeconometrics references at the graduate level are:

- Angrist, Joshua D., and Jörn-Steffen Pischke. *Mostly harmless econometrics: An empiricist's companion*. Princeton university press, 2008.
- Cameron, A. Colin, and Pravin K. Trivedi. *Microeconometrics: methods and applications*. Cambridge university press, 2005.

An extensive reading list is given below. Each Ph.D. student is asked to choose one (1) paper from the readings for class presentation and discussion. Alternatively, students can submit an article of their own choosing to me for review and approval. Ph.D. students will be required to write a short point-form summary of the paper to assist the discussion by M.A. students.

Required readings will be indicated in class. The other readings are offered as a guide to the literature for students wishing to pursue the topics in greater details. Most of the readings are available in electronic form using Google scholar for example. Feel free to ask me for help if you cannot find something.

### 1 Secular trends

- Acemoglu, Daron, and David Autor. "Skills, tasks and technologies: Implications for employment and earnings." *Handbook of labor economics* 4 (2011): 1043-1171.
- Michael J. Böhm. "The Causes and Consequences of Job Polarization, and their Future Perspectives". In *Work in the Age of Data*. Madrid: BBVA.
- Top Earnings Inequality and the Gender Pay Gap: Canada, Sweden and the United Kingdom (with Nicole Fortin and Brian Bell), *Labour Economics*, August 2017, Vol. 47, p107-123.
- Katz, L. and K. Murphy, "Changes in Relative Wages, 1963-1987: Supply and Demand Factors," *Quarterly Journal of Economics*, Vol. 107 (February 1992) 35-78.
- Card, David, and Thomas Lemieux, "Can Falling Supply Explain the Rising Return to College for Younger Men? A Cohort-Based Analysis," *Quarterly Journal of Economics* Vol. 116 (May 2001) 705-46.
- Katz, Lawrence, and David Autor "Changes in the Wage Structure and Earnings Inequality," Chap. 26 in *Handbook of Labor Economics*, ed. O. Ashenfelter and D. Card, Vol. 3A, North-Holland (1999) 1463-1555.
- Card, David, Jörg Heining, and Patrick Kline. "Workplace heterogeneity and the rise of West German wage inequality." *The Quarterly journal of economics* 128.3 (2013): 967-1015.
- Song, J., Price, D. J., Guvenen, F., Bloom, N., & Von Wachter, T. (2015). Firming up inequality (No. w21199). National Bureau of Economic Research.

## 2 Skills

- Roy, A. "Some Thoughts on the Distribution of Earnings," *Oxford Economic Papers*, Vol 3. (June 1951) 135-146.
- Guido Matias Cortes. Where have the middle-wage workers gone? a study of polarization using panel data. *Journal of Labor Economics*, 34(1):63–105, 2016.
- Deming, David J. "The growing importance of social skills in the labor market." *The Quarterly Journal of Economics* 132.4 (2017): 1593-1640.\*\*\*
- Deming, David, and Lisa B. Kahn. "Skill requirements across firms and labor markets: Evidence from job postings for professionals." *Journal of Labor Economics* 36.S1 (2018): S337-S369.
- Lindqvist, Erik, and Roine Vestman. "The labor market returns to cognitive and noncognitive ability: Evidence from the Swedish enlistment." *American Economic Journal: Applied Economics* 3.1 (2011): 101-128.
- Edin, P. A., Fredriksson, P., Nybom, M., & Ockert, B. (2017). The rising return to non-cognitive skill.
- Hensvik, Lena, and Oskar Nordstrom Skans. "The skill-specific impact of past and projected occupational decline." (2020).
- Böhm, Michael J., Hans-Martin von Gaudecker, and Felix Schran. "Occupation Growth, Skill Prices, and Wage Inequality." (2019).\*\*\*
- Beaudry, Paul, David Green, and Benjamin Sand "The Great Reversal in the Demand for Skill and Cognitive Tasks," *Journal of Labor Economics*, Vol. 34 (January 2016), S199-S247.

## 3 Firms

- Card, D., Cardoso, A. R., Heining, J., & Kline, P. (2018). Firms and labor market inequality: Evidence and some theory. *Journal of Labor Economics*, 36(S1), S13-S70.\*\*\*
- Böhm, Michael J., D. Metzger and P. Strömberg "Since you're so rich, you must be really smart: Talent and the Finance Wage Premium", February 2018.
- Azar, José, Ioana Marinescu, and Marshall I. Steinbaum. Labor Market Concentration. No. w24147. National Bureau of Economic Research, 2017.
- Abowd, John M., Francis Kramarz, and David N. Margolis. "High wage workers and high wage firms." *Econometrica* 67.2 (1999): 251-333.
- Kline, Patrick, et al. "Who profits from patents? rent-sharing at innovative firms." *The Quarterly Journal of Economics* 134.3 (2019): 1343-1404.
- Sorkin, Isaac. "Ranking firms using revealed preference", *Quarterly Journal of Economics*, 2018.
- Böhm, Michael, and Giovanni Gallipoli "Firms' Heterogeneity and the Return to Cognitive Skills", Mimeo, 2018
- M. Mogstad, T. Lamadon and B. Setzler "Rent Sharing, Firm Effects, and the Transmission of Firm Shocks", Mimeo, 2018.

- Goldschmidt, Deborah, and Johannes F. Schmieder. "The rise of domestic outsourcing and the evolution of the German wage structure." *The Quarterly Journal of Economics* (2017).
- Card, David, Ana Rute Cardoso, and Patrick Kline. "Bargaining, sorting, and the gender wage gap: Quantifying the impact of firms on the relative pay of women." *The Quarterly Journal of Economics* 131.2 (2015): 633-686.
- "Peer Effects in the Workplace", by Thomas Cornelissen, Christian Dustmann, and Uta Schönberg (AER, 2017)
- Bender, Stefan, et al. "Management practices, workforce selection, and productivity." *Journal of Labor Economics* 36.S1 (2018): S371-S409.

#### 4 Future Technology

- Autor, D., F. Levy, and R. Murnane, "The Skill Content of Recent Technological Change: An Empirical Exploration," *Quarterly Journal of Economics*, Vol. 118 (November 2003), 1279-1333.
- Graetz, Georg, and Guy Michaels. "Robots at work." *Review of Economics and Statistics* 100.5 (2018): 753-768.
- Arntz, Melanie, Terry Gregory, and Ulrich Zierahn. "The risk of automation for jobs in OECD countries." (2016).
- Acemoglu, Daron, and Pascual Restrepo. "Robots and jobs: Evidence from US labor markets." (2017).
- "Why are there still so many jobs? The history and future of workplace automation." *Journal of economic perspectives* 29.3 (2015): 3-30.
- Dauth, W., Findeisen, S., Südekum, J., & Woessner, N. (2017). German robots-the impact of industrial robots on workers.
- Frey, Carl Benedikt, and Michael A. Osborne. "The future of employment: How susceptible are jobs to computerisation?." *Technological forecasting and social change* 114 (2017): 254-280.
- Webb, M. (2019). The Impact of Artificial Intelligence on the Labor Market. Available at SSRN 3482150.
- Mann, K., & Püttmann, L. (2018). Benign effects of automation: New evidence from patent texts. Available at SSRN 2959584.
- Hershbein, Brad, and Lisa B. Kahn. "Do recessions accelerate routine-biased technological change? Evidence from vacancy postings." *American Economic Review* 108.7 (2018): 1737-72.

Plus articles and other sources directly mentioned in class.