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Department of Economics UCL

**ECON 7001**  
**The Economics of Labour**  
**2009/10**

***Course Lecturer:***

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***Lectures:*** Thursdays 9-11 Roberts G08

***Aims and objectives of the ECON7001 course:***

**Aims:**

1. To provide, within the constraints of a half course unit, a survey of theoretical and empirical aspects of modern labour economics.
2. To provide applications, in the context of labour markets, of analytical concepts and empirical techniques taught in the core courses of the BSc Economics degree (and joint degrees).

**Objectives:**

After completing the course, students should be able to:

1. Describe the main characteristics of, and recent developments in, labour markets of OECD-type economies;
2. Apply basic optimisation techniques to solve stylised problems relating to labour markets;
3. Critically evaluate empirical findings of applied research in areas such as labour supply, employers' adjustments to changing demand, returns to education, unemployment, etc.

**I. Course Outline**

What follows is an outline of the main areas to be covered. It will not be possible to cover everything in equal depth and some topics may have to be omitted entirely. At the end of the course, to assist your revision I will indicate which, if any, sections will definitely *not* appear in this year's examination.

## **Part A. An overview of the labour market.**

*Stocks and flows in the labour market..*

*Some labour market facts and figures.*

UK

International comparisons

*Some measurement issues:*

Unemployment versus worklessness

Labour productivity

## **Part B. Basic analytical framework**

*Labour supply*

Hours

Participation

Applications and extensions of basic model

Empirical studies

*Labour demand*

Substitution and scale effects

Short and long run

Monopsony

The demand for hours and for workers

Adjustment costs

Minimum wages

## **Part C. Relative Earnings.**

*Compensating differentials*

Basic concept of compensating differentials

Human capital (education and training)

Inter-industry wage differentials

*Labour market discrimination*

Theory

Measurement

*The distribution of earnings and income*

Recent developments in relative earnings in Europe and the US

*Earnings mobility*

Intergenerational transmission of earnings advantage

## **Part D. Information topics**

To be selected from:

*Job market signalling*

*Efficiency wages*

*Payment by results and other incentive schemes*  
*Job search*

## **Part E. Unemployment**

### *Measurement issues*

How would we like to measure unemployment?  
How is unemployment measured in practice?  
Inflows  
Duration  
Job insecurity/job turnover

### *Theory*

Efficiency wages and unemployment  
Other micro theories  
An aggregate labour market model  
The Natural Rate of Unemployment/ the NAIRU

### *Evidence*

Measuring the NAIRU and its changes  
The Beveridge Curve  
US *versus* European unemployment

### *Policy*

Policies affecting labour demand  
Policies affecting labour supply  
Institutional changes  
Evaluation of active labour market policies

## II. Reading List

Modern labour economics is a rapidly developing and changing branch of economics. Both the theory and, especially, empirical applications have enormous and growing literatures. For these reasons, this is a course on which you are expected to read widely. This will certainly be necessary for your coursework essays, but is expected on other topics as well. Attendance at lectures and reading the textbook on the main topics is necessary but not sufficient. Of course, the sheer scale of the literature (as well as other demands on your time) means you will have to be selective. This reading list provides a good menu to choose from. I may make further suggestions from time to time during the course. You may well discover further relevant material of your own. If you do this via the Internet you must give the full reference (not just the web address). In the past, I have resisted demands to “star” items on the supplementary reading list, because I have not been convinced that there is any sensible way of selecting the best or most important references. Currently, with some reluctance, I attempt to select crucial references, but this doesn’t mean that the unstarred references are inferior or not worth reading. I have also shortened the supplementary reading somewhat (except for unemployment, where you will need to be especially selective).

### A. TEXTBOOKS.

**Course textbook: GB.** Borjas, G. J. *Labor Economics* 5<sup>th</sup> edition (McGraw-Hill, 2009). Although textbooks usually improve over time, given the high current price it would be fine to use an earlier edition if you can get one cheaper. The references below refer to the 5<sup>th</sup> edition, but the relevant sections should be easy to find in earlier editions.

**Alternative texts: GB** is quite comprehensive, but the following may be worth consulting on specific topics.

**ES.** Ehrenberg, R. G. and Smith, R. S *Modern Labor Economics*

**FHR.** Filer, R.K. Hamermesh, D.S. and Rees, A, *The Economics of Work and Pay* (HarperCollins 1996, 6th Edition).

**FV.** Fallon, P., and Verry, D. *The Economics of Labour Markets* (Philip Allan, 1988). This is a more advanced; it uses a bit more mathematics and econometrics. Some of the statistical material is becoming dated (a new version in the pipeline, but too late for you!).

The only shortcoming, for British students, of **GB**, **ES** and **FHR** is that they are American texts and the majority of applications refer to the US. That is not a reason for not using them, but they should be supplemented with some British and European material. **FV** is one possibility. More up-to-date and offering an international perspective:

**BvO** Boeri, Tito and van Ours, Jan (2008) *The Economics of Imperfect Labor Markets* Princeton University Press.

A closer look specifically at the UK can be found in:

**GW** Gregg, P. and Wadsworth, J. (1999) *The State of Working Britain*. Manchester University Press. In 2001 the Centre for Economic Performance at the London School of Economics, published and updated this as *The Labour Market Under New Labour* (Palgrave 2003) edited by Richard Dickens, Jonathan Wadsworth and Paul Gregg (**DWG**).

Articles in the *Handbooks of Labor Economics* have excellent survey articles on many of the topics covered in the course, but these surveys are quite long and some are technically demanding.

## **B. UK DATA SOURCES.**

The *Economic and Labour Market Review* provides detailed UK labour market data and also relatively brief and accessible articles on a variety of labour market topics. Browsing recommended. You can search for relevant education and labour statistics via the Office of National Statistics website:

<http://www.statistics.gov.uk/default.asp>

## **B. INTERNATIONAL DATA SOURCES.**

The annual *OECD Employment Outlook* is an excellent starting point for comparisons of labour market data on an internationally comparable basis, and I frequently use data from this source. Another source is the International Labour Organisation's *Key Indicators of the Labour Market*. An overview can be found on the Internet at:

<http://www.ilo.org/public/english/employment/strat/kilm/index.htm>

## **OVERVIEW OF THE LABOUR MARKET.**

### ***Recent Developments***

\*Assessment of UK Labour market in Sept 2006 (from *Economic Trends*)

[Assessment of UK Labour Market 2006](#)

Very recent developments (effect of the recession on the labour market):

Catherine Barham, Stephen Hicks, Jamie Jenkins (2009) "The impact of the recession on the labour market"

► [Download](#) (Pdf, 500Kb)

**DWG**

**PC**

*Labour Market Trends/Economic and Labour Market Review* (various issues)

Blanchflower, David (2007) "Trends in European labour markets and preferences over unemployment and inflation"

<http://www.bankofengland.co.uk/publications/speeches/2007/speech323.pdf>

Faggio, Guilia and Nickell, Stephen (2006) "Patterns of work across the OECD"

<http://www.bankofengland.co.uk/publications/speeches/2006/speech276.pdf>

### ***Stocks and Flows***

- \* GB Chapter 12 section 12.3
- FHR** Chapter 8.

### ***Job insecurity***

- GW** Chapter 7
- \*Gregg, P and Wadsworth, J. (1995) "A Short History of Labour Turnover, Job Tenure, and Job Security 1975-93" *Oxford Review of Economic Policy* Vol 11. No. 1. Spring.
- OECD (1997) *Employment Outlook* Chapter 5 (Job insecurity)
- \*Nickell, S. Jones, P. and Quintini, G. (2002) "A Picture of Job Insecurity Facing British Men." *Economic Journal* Vol. 112, pp1-27.

### **LABOUR SUPPLY.**


- \***GB** Chapters 2.
- FV.** Chapters 1 and 2.


### ***Applications and extensions of basic model***

- Becker, G. S. (1965) "A Theory of the Allocation of Time" *The Economic Journal* vol. 75 pp. 493-517.
- \*Gronau, R (1977) "Leisure, home production and work -- the theory of the allocation of time revisited." *Journal of Political Economy* vol. 85 No. 6 pp. 1099-1123.

### ***Empirical studies***

- Blau, F., and Kahn, L. (2007) "Changes in the Labor Supply Behavior of Married Women: 1980-2000" *Journal of Labor Economics* vol. 25 no. 3 pp. 393-438
- \*Blundell, R.W. (1992) "Labour Supply and Taxation: a Survey" *Fiscal Studies* (August)
- Blundell, Richard and McCurdy, Thomas (1999) "Labor Supply: A Review of Alternative Approaches" in Ashenfelter, Orly and Card, David *Handbook of Labor Economics*. Vol 3A. pp1559-1695 Amsterdam, North-Holland.
- \*Blundell, R. (2001) "Welfare-to-Work: Which Policies Work and Why?" (Keynes Lecture in Economics, 2001).  
<http://www.ifs.org.uk/conferences/keynes2001.pdf>
- Bosworth, B., and Burtless, G. (1992) Effects of Tax reform on Labor Supply, Investment and Saving." *Journal of Economic Perspectives* (Winter). (Concentrate on the labour supply section of the article).

Blundell, R., Brewer, M., and Shephard, A. (2005) “Evaluating the labour market impact of Working Families' Tax Credit using difference-in-differences” *HM Customs and Revenue Research Working Paper*. [Full document / more information](#)  [314 KB]

\*Brewer, M., Duncan, A., Shepherd, A., and Suarez, M (2005) “Did Working Families' Tax Credit work? The final evaluation of the impact of in-work support on parents' labour supply and take-up behaviour in the UK” *HM Revenue and Customs Research Working Paper*. [Full document / more information](#)  [465 KB]

Blundell, R., Brewer, M., and Francesconi, M (2008) “Job Changes and Hours Changes; Understanding the Path of Labor Supply Adjustment” *Journal of Labor Economics* vo. 26, no. 3 pp421-453.

Disney, R., Meghir, C. and Whitehouse, E (1994) Retirement Behaviour in Britain” *Fiscal Studies* (February).

\*Eissa, N and Liebman, J. B. (1996) “Labor Supply Response to the Earned Income Tax Credit”. *Quarterly Journal of Economics* Vol. 111, No 2 (May). pp. 605-637.

Jaumotte, F (2004) “Labour Force Participation of Women: Empirical Evidence on the Role of Policy and Other Determinants in OECD Countries” *OECD Economic Studies*, No. 37, 2003/2.

Meyer, B.D. and Rosenbaum, D. T. (2001) “Welfare, the Earned Income Tax Credit, and the Labor Supply of Single Mothers.” *Quarterly Journal of Economics* Vol. 116, No 3 (August). pp. 1063-1114.

## **LABOUR DEMAND.**

\*GB Chapter 3.

FV Chapters 3 and 4

### ***Extensions***

\*Davis, S. J. and Haltiwanger, J. (1992) “Gross job creation, gross job destruction, and employment reallocation.” *QJE* (August).

Groshen, Erica L and Potter, Simon (2003) “Has Structural Change Contributed to a Jobless Recovery?” Federal Reserve Bank of New York *Current Issues in Economics and Finance* Vol 9, Number 8 (August). Available at [www.newyorkfed.org/rmaghome/curr-iss](http://www.newyorkfed.org/rmaghome/curr-iss)

### ***Adjustment costs***

Felices, Guillermo (2003) “Assessing the extent of labour hoarding” *Bank of England Quarterly Bulletin: Summer 2003*. [www.bankofengland.co.uk/qb/qb030204.pdf](http://www.bankofengland.co.uk/qb/qb030204.pdf)

\*Hamermesh, D.S. and Pfann, G. A. (1996) “Adjustment costs in Factor Demand” *Journal of Economic Literature* (September)

Lazear, E. P. (1990) “Job Security Provisions and Employment” *QJE* (August)

## **Taxes**

**BvO** Chapter 4.

\*Nickell, Stephen (2003) “*Employment and Taxes*”

<http://www.bankofengland.co.uk/publications/speeches/speaker.htm#nickell>

## **Minimum wages**

Addison, J.T and McKinley, E. B. (1999) “Minimum Wages and Poverty”  
*Industrial and Labor Relations Review*. April.

\***BvO** Chapter 2.

\*Card, D. And Krueger, A. B. (1995) “*Myth and Measurement: The New Economics of the Minimum Wage*” Princeton University Press.

\*Dickens, R., Machin, S., and Manning, A. (1999) “The Effects of Minimum Wages on Employment: Theory and Evidence from Britain.” *Journal of Labor Economics* Vol. 17, No. 1. , (January).

Machin, S. and Manning, A (1996) “Employment and the Introduction of a Minimum Wage in Britain” *The Economic Journal* (May)

OECD *Employment Outlook* 1998. Chapter 2.

“Lessons from the International Experience of Statutory Minimum Wages”  
*Labour Market Trends* September 1998

Stewart, M (2004) "The Employment Effects of the National Minimum Wage",  
*Economic Journal*, 114(494), C110-116.(other papers in the same issue of the  
*Economic Journal* are also relevant).

## **RELATIVE EARNINGS.**

\***GB** Chapter 5

**FV** Chapter 5

## **Compensating Wage Differentials**

\*Rosen, S (1986) “The Theory of Equalizing Differentials” in, Ashenfelter, O. and Layard, R. *Handbook of Labor Economics* Vol. 1.

Duncan, G. and Holmlund, B (1983) “Was Adam Smith Right After All? Another Test of the Theory of Compensating Wage Differentials.” *Journal of Labor Economics*, Vol 1. pp 366-379.

Olsen, , C (2002) “Do Workers Accept Lower Wages in Exchange for Health Benefits?” *Journal of Labor Economics* Vol. 20, No. 2, Part 2 pp. S91-S114.

## **Human Capital**

\***GB** Chapter 6

**FV** Chapter 5

**BCT** Chapters 12 and 15.

\***BvO** Chapter 8.



- Ashenfelter, O. C. and Krueger, A. B. (1994) "Estimates of the Economic Return to Schooling from a New Sample of Twins." *AER*, Dec. pp. 1157-1173
- Becker, G (1975) *Human Capital* 2nd Edition, New York: NBER/Columbia University Press
- \*Blundell, R., Dearden, L., Goodman, A., and Reed H. (1997) *The Returns to Higher Education in Britain: Evidence from a British cohort*, February 2000, *The Economic Journal*, 110, F82-F99
- Goldin, Claudia and Katz, Lawrence, F (2008) *The Race Between Education and Technology* The Belknap Press of Harvard University Press.
- \*Griliches, Z. (1977). "Estimating the Returns to Schooling: Some Econometric Problems." *Econometrica*. (Jan.). pp. 1-22.
- Harmon, C. and Walker, I (1995) "Estimates of the Economic Return to Schooling for the United Kingdom" *American Economic Review* Vol. 85, NO. 5 (December).
- Mincer, J (1974), *Schooling, Experience and Earnings* New York: NBER/Columbia University Press
- \*Walker, I and Yu Zhu (2003) "Education, earnings and productivity: recent UK evidence. *Labour Market Trends* March 2003 pp145-152

### ***Evaluating training programmes***

- \*Ashenfelter, O (1978) "Estimating the Effect of Training Programs on Earnings" *Review of Economics and Statistics* (February).
- Friedlander, D., Greenberg, D.H. and Robins, P. (1997) "Evaluating Government Training Programs for the Economically Disadvantaged" *Journal of Economic Literature* Vol. XXXV, No. 5 (December).
- Heckman, J. and Smith, J. (1995) "Assessing the Case for Social Experiments" *Journal of Economic Perspectives* Vol. 9, No. 2 (Spring).
- \*LaLonde, R. J. (1995) "The Promise of Public Sector-Sponsored Training Programs" *The Journal of Economic Perspectives*. Vol. 9, No. 2. (Spring).
- Vignoles, A, Galindo-Rueda, F and Feinstein, L. (2004) "The Labour Market Impact of Adult Education and Training: A Cohort Analysis" *Scottish Journal of Political Economy* Volume 51 Issue 2 Page 266 - May 2004

### ***Interindustry wage differentials***

- Dickens, W. T. and Katz, L. F (1987) "Inter-Industry Wage Differences and Industry Characteristics" in Lang, K. and Leonard, J.S. *Unemployment and the Structure of Labour Markets* Basil Blackwell.
- \*Krueger, A. and Summers, L. (1988) "Efficiency Wages and the Inter-Industry Wage Structure" *Econometrica* (March)
- Main, B. and Reilly, B. (1993) "The Employer Size-Wage Gap: Evidence for Britain" *Economica* Vol. 60.
- \*Thaler, R. H. (1989) "Interindustry Wage Differentials" *Journal of Economic Perspectives* (Spring)

### ***Value of life***

- Ashenfelter, Orley (2006) "Measuring the Value of a Statistical Life: Problems and Prospects" IZA DP 1911. .
- \*Thaler, R. and Rosen, S., (1975) "The Value of Saving a Life: evidence from the labor market" on Terleckyj (ed.) *Household Production and Consumption* NY. Columbia University Press.
- Stiglitz, J. (1988) *Economics of the Public Sector* (2nd ed.) pp. 262-264.
- \*Viscusi, W. K. (1993) "The Value of Risks to Life and Health" *Journal of Economic Literature* Vol. 31. No. 4 (December).
- Viscusi, W. K. (2000) "Misuses and Proper Uses of Hedonic Values of Life" Harvard John M. Olin Discussion Paper Series, No. 292.

### ***Labour Market Discrimination***

- \*GB Chapter 9.
- Arrow, K.J. (1988) "What Has Economics to Say About Racial Discrimination?" *The Journal of Economic Perspectives*. Vol 12, No. 2. (Spring).
- Blau, Francine D, Ferber, Marianne A, Winkler, Anne E (2009, 6<sup>th</sup> ed.) *The Economics of Women, Men, and Work* Pearson Education.
- \*Blau, F.D. and Kahn, L.M. (2000) "Gender Differences in Pay" *Journal of Economic Perspectives* Vol. 14. No 4. (Fall) pp. 75-99.
- Harkness, S (1996) "The Gender Earnings Gap: Evidence from the UK" *Fiscal Studies* vol. 17, No. 2. pp. 1-36
- Heckman, J (1998) "Detecting Discrimination" *The Journal of Economic Perspectives*. Vol 12, No. 2. (Spring).
- Holzer, H. and Neumark, D.(2000) "Assessing Affirmative Action" *Journal of Economic Literature*. Vol. XXXVIII (September) pp. 483-568.
- Leaker, Debra (2008) "The gender pay gap in the UK" *Economic and Labour Market Review*. Vol. 2, No. 4
- Wright, R. E. and Ermisch, J.F. (1991) "Gender Discrimination in the British Labour Market: A Reassessment. *The Economic Journal*, Vol. 1. No. 46 (May) pp508-522.

### ***Trends in relative wages and earnings inequality***

- \*GB Chapter 7
- Acemoglu, Daron (2003) Cross-country Inequality Trends *The Economic Journal* (February). pp F121-F149
- \*Berman, E., Bound, J., and Machin, S. (1998) "Implications of Skill-biased Technological Change: International Evidence." *The Quarterly Journal of Economics* (November).
- \*Card, D and DiNardio, J.E. (2002) "Skill-Biased Technological Change and Rising Wage Inequality: Some Problems and Puzzles" *Journal of Labor Economics* Vol .20, No. 4.

- Goodman, A., Johnson, P., and Webb, S.(1997) *Inequality in the UK* Oxford University Press. (Especially chapters 5 and 6)
- Gosling, Amanda & Machin, Stephen & Meghir, Costas, (2000). "The Changing Distribution of Male Wages in the U.K." *Review of Economic Studies*, vol. 67(4), pages 635-66, October.
- Gottschalk , P. (1997) "Inequality, Income Growth, and Mobility: the Basic Facts." *The Journal of Economic Perspectives*. Vol 11, No. 2. (Spring).
- Gottschalk, P. and Smeeding T.M. (1997) "Cross-National Comparisons of Earnings and Income Inequality" *Journal of Economic Literature* Vol 35, No. 2
- Johnson, G. E.(1997) "Changes in Earnings Inequality: The Role of Demand Shifts." *The Journal of Economic Perspectives*. Vol 11, No. 2. (Spring).
- Levy, F. and Murnane, R. (1992) "US Earnings Levels and Earnings Inequality: A Review of Recent Trends and Proposed Explanations" *Journal of Economic Literature* Vol 30, No. 3.
- \*Machin, S. and Van Reenen, J (2007) "Changes in Wage Inequality". *LSE Centre for Economic Performance*. Special Paper No. 18.
- Nickell, S. J. and Bell, B. (1996) Changes in the Distribution of Wages and Unemployment in OECD Countries." *American Economic Review* May
- Nickell, S. (2004) "Poverty And Worklessness In Britain" *The Economic Journal* Volume 114 Issue 494 Page C1 - March 2004

## INFORMATION TOPICS

\*GB Chapter 11

### ***Job market signalling***

- \*Spence, M (1973) "Job Market Signaling" *Quarterly Journal of Economics* Vol. 87
- \*Lang, K. and Kropp, D (1986) "Human Capital versus Sorting: The Effects of Compulsory Schooling Laws," *Quarterly Journal of Economics*. Vol. 101. August. pp. 609-624.
- Walker, I and Yu Zhu (2003) "Education, earnings and productivity: recent UK evidence. *Labour Market Trends* March 2003 pp145-152
- Weiss, A. (1995) "Human Capital vs. Signalling Explanations of Wages" *The Journal of Economic Perspectives*. Vol. 9. No. 4. (Fall) pp. 133-154.

### ***Efficiency wages***

- \*Campbell, C and Kamlani, K. (1997) "The Reasons for Wage Rigidity: Evidence from a Survey of Firms" *Quarterly Journal of Economics* (August).
- Levine, D. (1992) "Can Wage Increases Pay for Themselves? Tests with a Production Function" *Economic Journal* September
- Weiss, A. (1991) *Efficiency Wages* Oxford. The Clarendon Press.
- Raff, Daniel and Summers, Lawrence (1987) "Did Henry Ford Pay Efficiency Wages?" *Journal of Labor Economics* Vol. 5 o. 4, Part 2 pp S57-S86.

### ***Job search***

ECON7001/DWV/ECONUCL/0910/OUTLINE/READING

\*FV pp. 195-205

\*Atkinson, A. B., and Micklewright, J. (1991) "Unemployment Compensation and Labor Market Transitions: A Critical Review" *Journal of Economic Literature*, Vol. XXIX, No. 4 (December) pp. 1679-1727

Mortensen, D. (1986) "Job Search and Labor Market Analysis" in Ashenfelter, O. and Layard, R. *Handbook of Labor Economics*

Petrongolo, Barbara and Pissarides, Christopher (2001) "Looking into the Black Box: A Survey of the Matching Function" *Journal of Economic Literature* Vol XXXIX (June) pp.390-431.

## UNEMPLOYMENT

\*GB Chapter 12

\*FV Chapters 7 and 8

GW Chapters 1, 14

Layard, R., Nickell, S., and Jackman, R. (1994) *The Unemployment Crisis*

\*Blanchard, O. (2003) *Macroeconomics 5<sup>th</sup> ed.* Chapters 6, 8.

"Unemployment" *Oxford Review of Economic Policy* Spring 1995 (Vol 11. No. 1.)

Freeman, Richard (2007) *Labor Market Institutions Around the World*. NBER Working Paper No. 13242 This paper is available as [PDF 4.0+ \(139 K\)](#)

### *The natural rate of unemployment*

\*Ball, Laurence and Mankiw, Gregory (2002) "The NAIRU in Theory and Practice" *The Journal of Economic Perspectives*. Vol. 16, Number 4 (Fall). Pp 115-136.

Stiglitz, J (1997) "Reflections on the Natural Rate Hypothesis." *Journal of Economic Perspectives Vol 11, No. 1 (Spring)*

\*Blanchard, O and Katz, L. F. (1997) "What We Know and Do Not Know About the Natural Rate of Unemployment." *Journal of Economic Perspectives Vol 11, No. 1 (Spring)*

Murphy, K.M. and Topel, R. (1997) "Unemployment and Nonemployment" *American Economic Review* Vol 87. No. 2 (May).

### *Unemployment in Europe and the US*

\*Bean, C (1994) "European Unemployment: A Survey" *Journal of Economic Literature* (June)

\*Blanchard, O (2005) "European Unemployment: The Evolution of Facts and Ideas" MIT Working Paper 05-24.  Blanchard on european u.pdf

Blanchard, O. *Macroeconomics 3<sup>rd</sup> ed.* Ch 8.


Lazear, E. P. (1990) "Job Security Provisions and Employment" *QJE* (August)

Layard, R., Nickell, S., and Jackman, R. (1994) *The Unemployment Crisis* Chapter 11

Lindbeck, A. (1997) "The Swedish Experiment" *Journal of Economic Literature*. Vol. 35. No. 3 (September).

- \*Nickell, S., Nunziata, L., Ochel, W., and Quintini, G. (2003) “The Beveridge Curve, Unemployment and Wages in the OECD. In Aghion, P., Frydman, R., Nickell, Stephen, Nunziata, L. and Ochel, W. (2005) “Unemployment in the OECD since the 1960s. What do we know?” *The Economic Journal*, 115 pp 1-27.
- \*Nickell, S (1997) “Unemployment and Labor Market Rigidities: Europe versus North America.” *Journal of Economic Perspectives* Vol. 11, No. 3 (Summer).
- Nickell, S and Bell, B. (1995) “The Collapse in Demand for the Unskilled and Unemployment Across the OECD” *Oxford Review of Economic Policy* Vol. 11, No. 1.
- Rosen, S. (1996) “Public Employment and the Welfare State in Sweden” *Journal of Economic Literature*. Vol. 34. No. 2 (June)

### **Policy**

- \***BvO** Chapters, 11, 12
- \*Bell, David N and Blanchflower, David G (2009) "What should be done about rising unemployment in the UK?" Stirling Economics Discussion Paper 2009-06 <http://www.economics.stir.ac.uk>
- Calmfors, L and Skedinger, P (1995) “Does Active Labour-market Policy Increase Employment?” *Oxford Review of Economic Policy* Vol. 11, No. 1. *National Institute Economic Review* 2007, Vol 202 Issue 1. Papers by Riley, Van Ours, Dorsett, Layard *et al*, and Kvist.
- Kluve, J (2006) The Effectiveness of European Active Labour Market Policy. IZA DP 2018  [Kluve on almps.pdf](#)
- Layard, R., Nickell, S., and Jackman, R. (1994) *The Unemployment Crisis* Chapter 12.
- \*Carlin, W. and Soskice, D (2005) “Unemployment: institutions, shocks and policy” Chapter 18
- \*Layard, R., Nickell, S., and Jackman, R. (1994) *The Unemployment Crisis* Chapter 11
- Pissarides, C.A. (2003) “Unemployment in Britain: A European Success Story” CESIFO Working Paper No. 981.