

Contents

I Daniel S. Hamermesh: The Pioneer in Labor Demand Research	
Introduction by the Editors	1
II Aspects of Labor Demand	
Introduction by the Author	11
III Labor Demand	17
1 Labor Market Competition among Youths, White Women and Others	27
1.1. Introduction	27
1.2. Estimating Equations, Methods and Data	28
1.3. Estimates of Elasticities of Complementarity and of Factor Prices	31
1.4. The Effect of an Exogenous Increase in White Female Participation	33
1.5. Conclusions	36
2 Spectral Analysis of the Relation between Gross Employment Changes and Output Changes, 1958–1966 ..	39
2.1. Implications of Specific Training for Seasonal Changes in Employment	40
2.2. Data and Method	44
2.3. Comparisons of the Spectra	45
2.4. Conclusions	49

3	Labor Demand and the Structure of Adjustment Costs	53
3.1.	The Conventional Wisdom and the Nature of Labor Costs	54
3.2.	Estimating Adjustment Paths Under Alternative Cost Structure	55
3.3.	Estimates for Individual Plants	60
3.4.	The Effects of Aggregation	69
3.5.	Conclusions and Implications	72
4	Labor Demand and the Source of Adjustment Costs	77
4.1.	History and Motivation	78
4.2.	Some New Data and their Characteristics	79
4.3.	Employment Adjustment with Gross and Net Costs	81
4.3.1.	A Forward-Looking Model with Quadratic Costs	81
4.3.2.	A Model with Lumpy Costs	84
4.4.	Estimates of the Quadratic-Cost Model	87
4.5.	Estimates of the Fixed-Cost Model	89
4.6.	Conclusions and Implications	91
5	Turnover and the Dynamics of Labor Demand	95
5.1.	Motivation	95
5.2.	Estimating Dynamic Labor Demand in the Presence of Quits	97
5.3.	Description of the Data	100
5.4.	Results	102
5.5.	Conclusions and Implications for Dynamic Labor Demand	103
6	Job Turnover and Labor Turnover: A Taxonomy of Employment Dynamics	107
6.1.	Introduction	107
6.2.	Alternative Concepts of Employment and Job Dynamics	108
6.3.	Estimates of the Component Flows of Workers and Jobs	112
6.3.1.	Job Flows and Flows of Workers	115
6.3.2.	Net Employment Changes and Flows of Workers	116
6.3.3.	Simultaneous Hiring and Firing	121

6.4. Conclusions	123
Appendix: Definition of Variables	125
IV Policy on the Demand Side	127
7 Minimum Wages and the Demand for Labor	137
7.1. Introduction	137
7.2. The Demand for Teen and Adult Labor	138
7.3. The Minimum Wage and Factor Substitution	143
7.4. The Net Employment Effect of the Minimum Wage and some Policy Simulations	147
7.5. Conclusions and Implications	150
8 The Demand for Hours of Labor: Direct Evidence From California	153
8.1. Introduction	153
8.2. California's Daily Overtime Law	154
8.3. Theoretical Background	156
8.4. Data	157
8.5. Estimation Approach	159
8.6. Basic Results	160
8.7. Results with Control Variables	166
8.8. Implications	168
8.9. Conclusions	172
9 The Timing of Labor Demand	175
9.1. Introduction	175
9.2. The Regulation of Work Timing	176
9.3. Data, Concepts and Descriptive Statistics	179
9.3.1. Creating the Data Set	179
9.3.2. Basic Facts about the Timing of Work	181
9.3.3. The Composition of the Workforce by the Timing of Work	186
9.3.4. Summary and Uses of the Individual Data Sets	186
9.4. Specification and Estimation of the Production Models	186
9.4.1. Basic Estimates	186
9.4.2. A Few Checks on the Estimation	192
9.5. A Policy Simulation	193
9.6. Conclusions	195

10	The Costs of Worker Displacement	197
	10.1. Introduction	197
	10.2. The Nature of Losses	198
	10.3. Interferring the Effects of Impending Displacement	201
	10.3.1. Case I.A. Symmetric Lack of Information	202
	10.3.2. Case I.B. Symmetric Information About Impending Displacement	203
	10.3.3. Case II.A. Asymmetric Information with Worker Ignorance	203
	10.3.4. Case II.B. Asymmetric Information with Worker Knowledge	204
	10.4. Measurement and Estimation	206
	10.5. Estimates of Wage Profiles Among Displaced and Laid-off Workers	207
	10.6. Workers' Losses and Their Implications	213
	10.7. Conclusions	216
11	Policy Equilibria in a Federal System: The Effects of Higher Tax Ceilings for Unemployment Insurance	219
	11.1. Introduction	219
	11.2. Institutions and Policy Issues	220
	11.3. Interest Bargaining Under a Superior Mandate – The UI Tax Ceiling	223
	11.3.1. The Unemployment Insurance System	224
	11.3.2. The Firms' Party	225
	11.3.3. The Workers' Party	228
	11.3.4. Equilibrium	229
	11.3.5. Comparative Statics	231
	11.3.6. Discussion	232
	11.4. Direct Tests of the Effects of Higher Tax Ceilings	233
	11.5. Conclusions, and Other Applications	238
V	Discrimination: Preferences for People	243
12	Beauty and the Labor Market	251
	12.1. Background	252
	12.2. Models of Beauty in the Labor Market	255
	12.3. Data	257
	12.4. Looks and Earnings	260

12.4.1. Estimates of the Relationship of Looks and Earnings	260
12.4.2. Synthesis of the Basic Results, Some Criticisms, and an Initial Interpretation	266
12.5. The Absence of Differences by Gender	269
12.6. Sorting, Productivity or Discrimination?	271
12.7. Conclusions and Implications	275
13 Tall or Taller, Pretty or Prettier:	
Is Discrimination Absolute or Relative?	279
13.1. Introduction	279
13.2. Modeling the Nature of Responses to Personal Characteristics	280
13.3. The Impact of Changing Variance of a Characteristic	282
13.3.1. The Beauty of Charitable Solicitors	282
13.3.2. Beauty in a Dutch Game Show, 2002	284
13.3.3. Economists' Beauty and AEA Elections, 1966–2004	286
13.4. The Impact of a Variance-Preserving Increase in a Characteristic's Mean	289
13.4.1. The Increasing Height of Dutch Men, 1981–2010	289
13.4.2. Varying Average Beauty in the Dutch Game Show and the AEA Elections	295
13.5. Review and Conclusion	297
14 Beauty, Productivity and Discrimination:	
Lawyers' Looks and Lucre	301
14.1. Introduction	301
14.2. Ascriptive Characteristics, Earnings, and Occupational Sorting	302
14.3. Data on Lawyers and Their Looks	306
14.4. The Effect of Beauty on Earnings	312
14.5. Sorting and the Sources of Wage Effects	319
14.6. Conclusions	326

15 What is Discrimination?	
Gender in the American Economic Association, 1935–2004	331
15.1. Initial Results	331
15.2. Other Factors Affecting Electoral Outcomes	333
15.3. Estimating a Model of the Determinants of Electoral Success	335
15.4. Gender Discrimination by Whom?	341
15.5. Conclusions – Implications for Studying Discrimination	344
16 Strike Three: Discrimination, Incentives, and Evaluation	349
16.1. Data	353
16.1.1. Pitches	353
16.1.2. Player and Umpire Race/Ethnicity	353
16.1.3. Pitch Location	355
16.1.4. Pitcher Performance	356
16.2. Called Pitches and Umpire-Pitcher Matches	356
16.3. Biased Evaluation When Bias Is Costly	360
16.3.1. Other Matches	367
16.3.2. Postseason	367
16.3.3. Umpire and City Characteristics	368
16.3.4. Gaming the System	369
16.4. The Effects of Biased Evaluations on Agents' Strategies	369
16.5. Measures of Performance and the Measurement of Discrimination	374
16.6. Conclusions	378
VI Where Has Research on Labor Demand Been? Where Is It Going?	381
Notes	389
References	415
Index	435
About the Author	444
...and the Editors	445