

**Social Science 212a
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Application of Micro-Economic Theory

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This year I plan to structure the course as a workshop. Rather than just covering a series of papers, we will instead work through current open research problems that we are working on or planning to study. We will begin each topic by identifying a specific problem to be studied. This will include an overview of what the applications are, why the problem is of interest, what the current state of knowledge is in the literature, and what approach will be taken to addressing the problem. Next, we will then study in more detail the most closely related articles to the questions raised. Finally, having a better feeling for the related literature we will come back to an in depth discussion of the approach and modeling that is in progress or is to be undertaken.

In reading the related literature, we will do it with a specific eye to the problem that we are addressing. We will keep in mind some of the following questions. Is the approach taken by the authors appropriate? What is really established and what are the limitations in the conclusions? Why were certain assumptions made? How robust is the analysis to changes in the modeling or formulation? How might we do things differently? What interesting research questions are left open or suggested by the work?

With regards to your participation in the course:

Each of you will be expected to raise a research question that you may be interested in, and do a search to find the most closely relevant literature. Building on this, we will dig into the literature in question to find out what the state of the art is. Finally we will come back to sharpening the focus and approach originally suggested, and when appropriate examine the model and results to date.

This should be a good spring-board for a second or third year paper, or even your dissertation research.

To help with some of the class presentations, there is a handout "Notes on Presenting a Paper," which is designed to help you in structuring presentations (available on my web site).

To give you time to work up a proposed area of study, I will start out with a current project or two of mine.

Topic 1: Strategic Agenda Formation

List of Some Related Papers:

Banks, J.S. (1985) "Sophisticated Voting Outcomes and Agenda Control," *Social Choice and Welfare*, 1, 295-306.

Banks, J.S. and F. Gasmi (1987) "Endogenous Agenda Formation in Three-Person Committees," *Social Choice and Welfare*, 4, 133-152.

Penn, E.M. (2001) "A Distributive N-Amendment Game with Endogenous Agenda Formation," mimeo.

Groseclose, T. and K. Krehbiel (1993) "On the Pervasiveness of Sophisticated Sincerity," chapter 10 in *Political Economy: Institutions, Competition, and Representation* edited by Barnett, Hinich, and Schofield, Cambridge University Press: Cambridge, 247-277.

Baron, D. and J. Ferejohn (1989) "Bargaining in Legislatures," *American Political Science Review*, 83, 1181-1206.

Harrington, J. (1990) "The Power of the Proposal Maker in a Model of Endogenous Agenda Formation," *Public Choice*, 64, 1-20.

Ferejohn, J., M. Fiorina, and R.D. McKelvey (1987) "Sophisticated Voting and Agenda Independence in the Distributive Politics Setting," *American Journal of Political Science*, 31, 169-193.

Topic 2: Networks and Employment

List of Some Related Papers:

Calvo-Armengol (2000) "Job Contact Networks," mimeo: Universidad Carlos III.

Heckman, Lyons and Todd (2000) "Understanding Black-White Wage Differentials, 1960-1990" *American Economic Review*, Papers and Proceedings, 344-349.

Topa (2001) "Social Interactions, Local Spillovers and Unemployment" *Review of Economic Studies*, 68, 261-295.

Arrow and Borzekowski (2001) "Limited Network Connections and the Distribution of Wages," mimeo: Stanford University.

Neal, D.A. and W.R. Johnson (1996) "The Role of Pre-market Factors in Black-White Wage Differences," *Journal of Political Economy*, 104, 869-895.

Smith and Welch (1989) "Black Economic Progress after Myrdal" *Journal of Economic Literature*, 27, 519-564.

Card and Krueger (1992) "School Quality and Black-White Relative Earnings: A Direct Assessment," *Quarterly Journal of Economics*, 151- .

Granovetter, M. (1973) "The Strength of Weak Ties," *American Journal of Sociology*, 78, 1360-1380.

Lin, N. and M. Dumin (1986) "Access to Occupations through Social Ties," *Social Networks*, 8, 365-385.

Blanchard, O.J. and P. Diamond (1994) "Ranking, Unemployment Duration and Wages," *Review of Economic Studies* 61, 417-434

Boorman, S.A. (1975) "A Combinatorial Optimization Model for Transmission of Job Information Through Contact Networks," *Bell Journal of Economics* 6, 216-249

Granovetter, M. (1995) *Getting a Job: A Study of Contacts and Careers*, 2nd edition, Harvard University Press, Cambridge

Heckman, J. and G. Borjas (1980) "Does Unemployment Cause Future Unemployment? Definitions, Questions and Answers from a Continuous Time Model of Heterogeneity and State Dependence," *Economica* 47, 247-283

Montgomery, J. (1991) "Social Networks and Labor Market Outcomes: Toward and Economic Analysis," *American Economic Review* 81, 1408-1418

Pissarides, C.A. (1992) "Loss of Skill During Unemployment and the Persistence of Employment Shocks," *Quarterly Journal of Economics* 107, 1371-1397

Sah, R.K. (1991) "Social Osmosis and the Patterns of Crime," *Journal of Political Economy* 99, 1272-1295

Vishwanath, T. (1989) "Job Search, Stigma Effect, and Escape Rate from Unemployment," *Journal of Labor Economics* 7, 487-502.