To Consider the Impact of Demand Shocks on Wages of Labor in the Industry that Provides the Good or Service Using Basic Models

Economists may suggest that, ceteris paribus, a change in wage results from a change in other factors that effect demand and supply. A change in demand for a good or service results in a price change stimulating production in either direction; to increase or decrease. The effect of this should be seen in the demand for labor in the industry producing the good or service. There is evidence in the real markets to reflect this. I will compare changes in the market for computers and related goods during the end of the dot com boom and its’ impact on wages with that of the automotive industry in the late seventies and early eighties using simple models of labor and Market demand.

1 The Economics of the UAW-Ford Contract (in Communications)
Philip W. Cartwright
Stable URL: [http://links.jstor.org/sici?sici=0002-8282%28195512%2945%3A5%3C932%3ATEOTUC%3E2.0.CO%3B2-X](http://links.jstor.org/sici?sici=0002-8282%28195512%2945%3A5%3C932%3ATEOTUC%3E2.0.CO%3B2-X)

Ability of the UAW to produce sticky wages. Collective bargaining produces a yearly wage structure. The worker is guaranteed a years wage. And transfer. Where does the money come from to pay for the retirement or layoffs. Transferees are reluctant.

Show there may be a reluctance of wages to fall whereas they are more readily predisposed to rise.

2 Imports and the Future of the U.S. Automobile Industry (in Government and the Automobile)
Jose A. Gomez-Ibanez; David Harrison, Jr.
Stable URL: [http://links.jstor.org/sici?sici=0002-8282%28198205%2972%3A2%3C319%3AIATFOT%3E2.0.CO%3B2-B](http://links.jstor.org/sici?sici=0002-8282%28198205%2972%3A2%3C319%3AIATFOT%3E2.0.CO%3B2-B)

Notes the change in demand for American automobiles in early eighties. Some of the natural attributes of foreign car manufacturers. These are predispositions to producing at a lower cost than American producers. Vehicle size because of their restrictions of the producing countries, roads, etc. and production capacity, less dependent on economies of scale.

Other factors having an effect on the demand for a good. A look into a substitutes and compliments.

3 Real Wages and the Business Cycle
A General outline of wages. Where wages are affected by the nominal and real aspects of the economy as well as aggregate demand. Moreover that real wages can be pro and counter cyclical.

Shows a link between condition of economy and aggregate wages.

The Alaskan Labor Market during the Pipeline Era
William J. Carrington
Stable URL: http://links.jstor.org/sici?sici=0022-3808%28199602%29104%3A1%3C186%3ATALMDT%3E2.0.CO%3B2-C
Abstract: Built between 1974 and 1977, the Trans-Alaska Pipeline was the largest privately financed construction project in world history. The Alaskan labor market during the pipeline era provides an ideal opportunity to view labor market responses to a large, anticipated, and temporary shock to labor demand. The paper presents several theoretical models of market responses to temporary demand shocks and then assesses the ability of each model to explain the Alaskan data. Among the findings are that Alaskan wages were very flexible, labor supply was quite elastic on both the intensive (hours per worker) and extensive (number of workers) margins, and even a major short-run demand shock need not have a long-run impact.

Shows a nice link between labor demand and wage, as well as market investment.

The Dynamic Effects of Aggregate Demand and Supply Disturbances: Comment
Edward N. Gamber; Frederick L. Joutz
Stable URL: http://links.jstor.org/sici?sici=0002-8282%28199312%2983%3A5%3C1387%3ATDEOAD%3E2.0.CO%3B2-B
Introduces and idea that the inverse of the norm may be possible. Where a change in the labor model may in fact impact the market of the good/service in general. This suggests demand and supply shocks impact wage and therefore cyclical changes.

May be relevant in the analysis of alternate views.

Labor Demand and the Structure of Adjustment Costs
Daniel S. Hamermesh
Stable URL: http://links.jstor.org/sici?sici=0002-8282%28198909%2979%3A4%3C674%3ALDATSO%3E2.0.CO%3B2-3
Abstract: This study examines the costs firms face in adjusting labor demand to exogenous shocks. Evidence on monthly plant-level data shows that adjustment proceeds in jumps: Employment is unchanged in response to small shocks, but moves instantaneously to a new equilibrium if the shocks are large. Results in large literature that assumes smooth adjustment are due to aggregation of this nonlinear relation. The finding has implications for cyclical changes in productivity, for examining severance pay, layoff, and plant-closing restrictions, and all other policies that affect the cost of adjusting employment.

More on sticky wages.

7 The Impact of Affirmative Action on Labor Demand: A Test of Some Implications of the Le Chatelier Principle
Peter Griffin
Stable URL: http://links.jstor.org/sici?sici=0034-6535%28199205%2974%3A2%3C251%3ATIOAAO%3E2.0.CO%3B2-P
Abstract: This paper presents an alternative approach to measuring the impact of affirmative action on firms. Affirmative action is modeled as a series of hiring quotas. If the quotas are binding then a firm subject to affirmative action will operate with greater costs of production, have less elastic demands for inputs, and be less able to substitute between most inputs. The results are consistent with the hypothesis that affirmative action regulations significantly constrain firms' behavior. Own-wage elasticities are less elastic and most inputs are less substitutable for constrained firms. Further, affirmative action raises costs by 6.5% for firms subject to the program.

Lowered wage elasticity as a result of affirmative action; may be relative in the description of the changes in the united auto union wages during the analysis of the comparison of the computer (tech) job fall off with the early eighties automotive manufacturing job decline.

8 Linear Adjustment Costs and Seasonal Labor Demand: Evidence from Retail Trade Firms
Patricia M. Anderson
Stable URL: http://links.jstor.org/sici?sici=0033-5533%28199311%29108%3A4%3C1015%3ALACASL%3E2.0.CO%3B2-U
Abstract: Standard models of dynamic labor demand rely on the presence of adjustment costs to explain the observed smoothness in employment patterns, although the costs are often difficult to quantify. The experience rating feature of the U. S. Unemployment Insurance (UI) system provides a measurable linear cost of adjustment. Using a unique data set with administrative data on over 8000 firms, I estimate the effect of a UI-induced linear adjustment cost on seasonal labor demand in retail trade. I find strong support for the large role of adjustment
costs in reducing the employment response of firms to seasonal fluctuations in demand.

More on sticky wages. Unemployment Insurance has a negative effect on the firms’ layoff behavior. Where greater layoff “experience” results in > costs and < reaction to demand change in the form employment.

9  **An Empirical Analysis of the Daily Labor Supply of Stadium Vendors**  
Gerald S. Oettinger  
Stable URL: http://links.jstor.org/sici?sici=0022-3808%28199904%29107%3A2%3C360%3AAEAOTD%3E2.0.CO%3B2-K  
Abstract: This paper analyzes the daily labor supply behavior of food and beverage vendors at a single stadium over an entire baseball season. This labor market is attractive for the study of labor supply both because the vendors unilaterally decide whether to participate on each game date and because changes in product demand conditions across days are large and highly predictable, generating exogenous game-to-game variation in the vendor “wage.” I exploit the observable shifts in product demand conditions across games to estimate the labor supply (participation) elasticity of stadium vendors. Estimates that recognize that demand conditions and vendor labor supply decisions simultaneously determine the vendor wage always find substantial labor supply elasticities, typically in the .55-.65 range. In contrast, estimates that ignore the endogeneity of the vendor wage yield severely downward-biased labor supply elasticities. These results highlight the importance of using demand shift instruments to identify labor supply elasticities in specific labor markets.

10  **Wage Gains among Job Changers across the Business Cycle:**  
Insight from State Administrative Data.  
**Authors:** Hotchkiss, Julie L.1  
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*INDUSTRIAL laws & legislation  
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*OCCUPATIONAL mobility  
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**Abstract:** This paper uses unique employer-employee matched
administrative data files to determine that firm and industry employment dynamics play significant roles in the earnings gains of workers who change jobs and in different ways across the business cycle. Among the more notable results is the finding that job-changers who leave a firm that is shutting down experience a greater earnings loss than job-changers who leave a firm that is merely contracting. In addition, the earnings loss from changing industries where firm-specific human capital is likely to be important has the potential of creating a much greater barrier to labor mobility during recessionary times than during an expansion.

May not be relevant. Though can be used for an analysis of industry vrs.

Firm expansion/contraction.

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Gains among Job Changers across the Business Cycle: Insight from State Administrative Data.</A>
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11 Title:TECH-JOB UPHEAVAL.
Authors:McGee, Marianne Kolbasuk Chabrow, Eric Greenemeier, Larry Ricadela, Aaron
Source:InformationWeek; 8/2/2004 Issue 1000, p20, 3p, 2 graphs, 1c
Document Type:Article
Subject Terms:*INFORMATION technology
*LABOR market
*HIGH technology industries
*EMPLOYEES
*PROFESSIONAL employees
*LABOR supply
Geographic Terms:UNITED States
Abstract: Reports on the lucrative market in the United States for information technology (IT) professionals with specialized expertise in 2004. Shift in the makeup of the country's IT labor force;
Decline in the total number of IT professionals; Effect of offshore outsourcing on employment, especially for computer programmers; Signs of impending domestic IT job growth.

Relevant in that it describes the present demand and supply in the technology worker demographic.

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Title: SPENDING ON I.T. SALARIES UP.
Authors: Chabrow, Eric
Source: InformationWeek; 4/7/2003 Issue 934, p18, 1/8p
Document Type: Article
Subject Terms: *INFORMATION technology
*LABOR supply
Geographic Terms: UNITED States
Company/Entity: META Group Inc. DUNS Number: 361922453 Ticker: METG
Abstract: Reports on the growth of information technology (IT) budget by Meta Group Inc. in the U.S. Increase in IT workforce; Percentage of the growth of IT workers.

Has some relevant ideas and charts.

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