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RESEARCH IN LABOR ECONOMICS VOLUME 50

50TH CELEBRATORY VOLUME

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FOREWORD

RESEARCH IN LABOR ECONOMICS: THE EARLY YEARS AND NOW

Around 1974, while I was on the faculty at the University of Massachusetts, I received a telephone call (remember email was still years away) from Paul Uselding. Paul, who had been a graduate school classmate of mine at Northwestern, was then an assistant professor of economics at the University of Illinois – Urbana-Champaign. Paul was also the editor of an annual monograph series, *Research in Economic History*, which was published by JAI Press. His series published economic history papers that were longer than those published by conventional economic history journals.

Paul told me that he and the publisher of JAI Press, Herbert Johnson, had decided that his series was sufficiently successful that it could serve as a prototype for similar series in different fields of economics. Would I be interested in serving as editor for an annual series in labor economics? Having received my PhD only four years earlier and still trying to build a record of accomplishments for myself, I jumped at the idea and *Research in Labor Economics* (RLE) was born.

As I said in the preface to the first volume, RLE "will provide a forum for original contributions whose specific subject matters and methodological approaches will be governed only by composition of the materials submitted by the profession to me for possible inclusion." My goal was to attract papers whose level of treatment would be comparable to (or exceed) those found in leading economics journals. I hoped that three types of papers would be published in RLE: results of completed or ongoing research, critical survey articles on important topics, and symposia consisting of several pieces of research on related topics.

Our first volume, published in 1977, set a baseline standard of excellence. Volume 1 contained papers by luminaries including Sherwin Rosen, one of the leading labor theorists of his generation, Frank Brechling, one of my dissertation advisors, and then young leading empirical labor economists John Pencavel (Stanford) and Richard Freeman (Harvard).

By 1992, we had published 15 more volumes of RLE including three that contained symposia on "Labor Economics and Public Policy," "New Approaches to Labor Unions," and "Evaluating Manpower Training Programs."[1] I was fortunate enough to attract high quality papers by leading labor economists from

[1]Within a few years the profession realized the sexism of the term "Manpower Training Programs" and this term was replaced by the term "Employment and Training Programs."

different generations. At the risk of alienating authors whose names I have omitted, the table below illustrates several of the notable economists who contributed one or more papers to RLE during the period. If one peruses this table, one will find several Nobel Prize winners, winners of the Jacob Mincer award for Lifetime Contributions to Labor Economics presented by the Society of Labor Economics, and winners of the IZA prize for labor economics, as well as editors of the *American Economic Review*. I am particularly proud that two of the pioneers of empirical labor economics research, H. Gregg Lewis and Jacob Mincer, were contributors to these volumes, as well as the distinguished econometrician Zvi Griliches.

Selected Research in Labor Economics Authors: Ehrenberg Era 1978–1992*.

Joe Altonji (Yale) – I	Lawrence Kahn (Cornell)
Joshua Angrist (MIT) – N	Ed Lazear (Chicago) – I, M
Orley Ashenfelter (Princeton) – A, I, M	H. Gregg Lewis (Chicago)
Rebecca Blank (Wisconsin)	James Medoff (Harvard)
Francine Blau (Cornell) – I, M	Jacob Mincer (Columbia) – I, M
George Borjas (Harvard) – I	Olivia Mitchell (Pennsylvania)
Charles Brown (Michigan)	Robert Moffitt (Johns Hopkins) – A
Hank Farber (Princeton) – M	Dale Mortensen (Northwestern) – I, M, N
Gary Fields (Cornell) – I	Ronald Oaxaca (Arizona)
Richard Freeman (Harvard) – I, M	John Pencavel (Stanford) – M
Zvi Griliches (Harvard)	Sherwin Rosen (Chicago)
Daniel Hamermesh (Michigan State) – I, M	Burton Weisbrod (Northwestern)
James Heckman (Chicago) – M, N	Finis Welch (Texas A&M)-M
George Johnson (Michigan)	

*Affiliation is the institution for which the individual is best known.A – editor of the AER, I – winner of the IZA Prize in Labor Economics, M – winner of the SOLE Jacob Mincer Award, N – winner of the Nobel Prize in Economics.

By the early 1990s, editing RLE had become more of a chore for me than an honor. My responsibilities at Cornell and the number of my own PhD students that I was supervising had increased. My research interests were shifting away from labor economics to the economics of higher education. As economists became more preoccupied with publishing in "top 5" journals I was finding it more difficult to attract papers to RLE. Conventional labor economics journals were expanding the size of papers they published and papers that in previous years would have gone to RLE were now going to these journals. We had also reached a time in the profession when the numbers and quality of economists publishing labor economics research in foreign countries was increasing and I had a sense that a new editor, who was more attuned to the changes occurring, would help maintain the viability of RLE and perhaps take it to an even higher level.

My friend Sol Polachek, who by then was a professor at Binghamton University, which is only an hour away from Cornell and is my alma mater, was an obvious choice to replace me. By doing so I would kill two birds with one stone; get a high-quality scholar to replace me and take RLE to new heights and give some publicity and name recognition to my undergraduate institution.

This 50th volume of RLE shows how successful Sol and his coeditors have been. Over the years they have arranged for articles in RLE to be indexed in several indices from which Google Scholar draws. As is well known, Google Scholar is a source that economists regularly use to aid them make judgment about the quality of a scholar at hiring, tenure, and promotion times. My failure to pursue this strategy had limited the flow of manuscripts from economists who were concerned that an article in RLE was not viewed as important as an article in a conventional journal. Sol arranged for a new publisher for the series and the new publisher, Emerald Press, helped RLE to become indexed in the Thomson Reuters Book Citation Index.

By involving IZA in the sponsorship of RLE and enlisting foreign coeditors who are members of IZA, Sol has successfully increased the number of articles RLE has published by labor economists from around the world in several ways. First, approximately 1600 labor economists who are affiliated with IZA now receive notices of the publication of each volume of RLE. The knowledge of what RLE is all about undoubtedly encouraged some recipients to purchase issues of RLE and others to submit papers to RLE. Second, the appointment of European coeditors, connected with IZA, has provided help for Sol in soliciting papers from younger foreign scholars who he may be less aware about. Third, IZA has provided funding for periodic conferences that lead to conference volumes.

The first coeditor was Oliver Bargain (now at the Bordeaux University). He produced a conference volume on microsimulation models, including a forward by Tony Atkinson. That volume was very well received. In 2007 Konstantinos Tatsiramos (Professor of Labor Economics jointly at the University of Luxembourg and the Luxembourg Institute of Socio-Economic Research (LISER)) took over as the coeditor and continues to the present. Sol reported to me that Konstantinos has been truly instrumental in raising RLE's image and stature. Not only has he assiduously obtained conference funding from IZA and external sources, but his contacts with European scholars increased both the quality of the submissions to RLE and the quality of the referees used by RLE. In addition, his eye for detail has enhanced the quality of the final accepted papers.

Among the conference volumes were ones on Immigration, Ethnicity, Child Labor, Informal Employment, Gender Inequality, Skill Mismatch, Health, and Workplace Practices. In addition, RLE's 35th anniversary volume republished the 20 most cited RLE articles that appeared in earlier volumes, that included a new preface by each author containing anecdotes about the paper's original development and subsequent impact.

RLE has continued to publish papers from well-known senior economists and rising younger economists; the latter much more frequently than when I was editor, and they have come from economists not affiliated with US institutions more frequently than when I was editor. Again, at the risk of alienating people who I did not include on the list, the next table displays some well-known economists who published in RLE during the Polachek years. On this list, are several winners of either the Mincer award or the IZA award, both for lifetime achievements, winners of the John Bates Clark award presented to the "best economist under the age of 40" by the American Economic Association, and two authors who have gone on to win the Nobel Prize in Economics.

Selected Research in Labor Economics Authors: Polachek Era.*

Daron Acemoglu (MIT) – J, E	Chinhui Juhn (Houston)
Christian Belzil (Ecole Polytechnique)	Larry Katz (Harvard) – E, I
Dan Black (Chicago)	Alan Krueger (Princeton) – I
John Bound (Michigan)	Thomas Lemieux (British Columbia)
David Card (Berkeley) – I, J, M, N	Shelly Lundberg (UCSB) – I
Andrew Clark (Paris School of Economics)	Richard Murnane (Harvard)
Janet Currie (Princeton)	Paul Oyer (Stanford) – E
William Darrity (Duke)	Daniele Paserman (Boston U)
Greg Duncan (UC Irvine)	Steve Pischke (LSE)
Joseph Ferrie (Northwestern)	Robert Topel (Chicago) – E
David Figlio (Northwestern)	Jane Waldfogel (Columbia)
Robert Haveman (Wisconsin)	Bruce Weinberg (Ohio State)
Barry Hirsch (Georgia State)	Yoram Weiss (Tel Aviv) – M, E

*Affiliation is for the most recent institution at which the individual was located. I – winner of the IZA Prize in Labor Economics, M – Winner of the SOLE Jacob Mincer Award, J – Winner of the John Bates Clark Medal, and E – Editor of either the QJE, JPE Econometrica, or JOLE, N – winner of the Nobel Prize in Economics.

In conclusion, it is with great pleasure that I have watched over the years how RLE has grown in stature under the leadership of Sol and his coeditors, as well as all the actions they have taken to keep RLE on such a positive trajectory.

Ronald G. Ehrenberg
August 2021

Ronald G. Ehrenberg is the Irving M Ives Professor Emeritus of Industrial and Labor Relations and Economics and a Stephen H Weiss Presidential Fellow at Cornell University, as well as the Founding Director of the Cornell Higher Education Research Institute (CHERI) from 1999 to 2021.

PREFACE

This marks the 50th volume of Research in Labor Economics. The volume contains 10 original articles each written by stellar senior scholars in labor economics. One is a Nobel Laureate. Each article deals with an aspect of worker well-being, a hallmark subject of concern especially to labor economists. Of these, five deal directly with human capital and potential earnings, four with institutional impediments to time allocation including work, and one important article shows how economics-based search and matching theory should be applied elsewhere, particularly in epidemiological modeling with regard to pandemics, such as the recent COVID-19 pandemic.

Search and matching models are fundamental to economics. Based on search's costs and benefits, these models delineate how individuals sort into a variety of activities including marriage, jobs, schools, fields of study, and numerous other pursuits. More broadly, search and matching models explain unemployment and unemployment duration which have important macroeconomic implications. Independent of economists, epidemiologists use matching to model the propagation of disease. Here individuals meet others, but now potentially become infected with illness, rather than obtaining an economic benefit. In the first article, according to Pietro Garibaldi, Espen Moen, and Christopher Pissarides, these latter epidemiological models in many ways have similarities to search and matching models, but are distinctly different mostly because they neglect individual cost and benefit incentives. As an example, rising infection rates make social interactions more expensive inducing individuals to shift away from interpersonal interactions, what we now call social distancing. As a result, meeting probabilities are reduced. Incorporating these costs affect equilibrium disease evolution, and hence appropriate national policies to combat disease spread. As such, there is much epidemiologists can learn from economists.

It is well known that human capital is the backbone of economic success. Countries with a more educated populace are richer and individuals with more schooling earn more. Yet it is difficult to measure the benefits of school because of endogeneity issues related to sorting. If smarter students stay in school longer, for example because they benefit more than the less able, simply computed rates of return are overstated. And, of course, the opposite is true if the more able have higher returns in the labor market than in the classroom. However, other sorting issues arise if individuals vary in their types of ability. In this case heterogeneity in learning can manifest itself both in the levels and types of education a person receives. If so, how individuals sort into fields of study is in part dependent on the distribution of innate attributes including ability. As a result, there are several relevant technical econometric issues that need to be addressed to take account of the resulting endogeneity. In the next article, Joseph Altonji, John Humphries, and Ling Zhong address these issues and estimate returns to advanced postgraduate degrees for men and women. To do this they adopt what they call a "fixed-effects combination of group (FEcg)" estimator that gets at endogeneity related to an individual's choice of graduate study based on ability and preferences. They make four contributions. First, they estimate earnings premia by gender associated with 19 advanced degrees. Second, they decompose these earnings premia into portions based on wages and hours. Third, they compute internal rates of return. Finally, they examine job satisfaction.

Higher wages resulting from human capital acquisition, particularly from advanced postgraduate schooling, is an example of compensating wage differentials, as it reflects recompense for time and money spent investing. But other job attributes including both amenities and unpleasant characteristics can affect wages, as well. To get at these, one can apply hedonic estimation models in a Mincer-type earnings equation. Doing so, paying particular attention to the risk of death or injury on the job, enables one to back out the value of a statistical life (VSL), the value of a statistical injury (VSI), and the value of a statistical life year (VSLY). In the next article, Thomas Kniesner and W. Kip Viscusi describe this process and then survey existing studies. They compare the value of life estimates in the United States to other countries and they compare the value of life estimates between men and women. They also examine other possible applications and show how the approach can be used to evaluate welfare policies. Finally, they apply the approach to evaluate the cost of COVID-19 in the United States and worldwide.

Whereas some wage variation arises because of compensating wage differentials, some variation can also come about because of market imperfections. One such imperfection is discrimination, whereby equally competent and equally productive workers receive disparate wages despite desiring exactly the same job. This is often stated to be the case by race, as (full-time) black men earn approximately 78 cents on the dollar compared to (full-time) white men, and (full-time) females now earn about 83 cents on the dollar compared to (full-time) males. However, how much of these wage differences are due to compensating differences, and how much due to discrimination, is tricky to ascertain. Men and women earn roughly equal wages upon entering the labor force at the beginning of their respective work lives, but wages diverge over the life cycle as men and women move through their careers. In the next article, David Neumark and Giannina Vaccaro note that some view this as prima facie evidence against gender discrimination, otherwise why would men and women be paid equally well when they first get employed. To counter this argument, they point out a fallacy to this assertion. Given that observed earnings net out human capital investments (i.e., observed earnings equal potential earnings minus the cost of on-the-job human capital investments), they argue that women should be paid more than men because women's on average lower lifetime work leads them to obtain less human capital early on. Thus, in the absence of discrimination, women should be earning more than men at career onset. Thus, they claim initial wage parity can still imply discrimination.

Clearly there still remain a number of other ambiguous and unanswered questions regarding gender differences. In the next chapter, Shelly Lundberg argues that much of the gender discrimination literature decomposes gender gaps into "discrimination" and "choice." However, choice is difficult to define since what many believe to be choice can really result from discrimination, and what many deem to be discrimination may actually be choice from a perspective "that views the default agent as male" if men and women are motivated differently. Further gender is difficult to define especially now that we realize the very many gender identities psychologists and others study. As such, the article argues for more complex modeling.

Whereas inequality between men and women narrowed, and more quickly in the last 40 years, inequality between the rich and poor has risen dramatically, at least in a number of the most developed countries during the same time period. Interestingly, a 2020 UN Report found inequality (based on the Gini coefficient) rising and falling in roughly equal proportions out of 119 countries between 1990 and 2016. But more developed countries constituted the preponderance of countries where earnings inequality rose. Two-thirds of these (26 out of 39) experienced a widening earnings disparity between top and bottom earners. From the mid-1980s until 2011, the Gini coefficient increased in 16 out of the 21 OECD countries for which long time series were available. Why these increases prevail in developed countries is yet an unanswered question. In the next article, Edward P. Lazear, Kathryn Shaw, Grant Hayes, and James Jedras explore why. Predicated on their unique education-specific industry-based index, they argue in favor of skilled-biased technical change probably stemming from the AI revolution by which productivity and wages rose more for the well educated than the less educated.

Technical change is not the only factor that affects labor market outcomes. Governments do so directly via laws explicitly regulating the market. In the next article, Robert Topel deals with potential legislative overreach. Here bureaucrats stretch their agency's regulatory powers beyond government's original intent. Examples cited include the Equal Employment Opportunity Commission's use of criminal background checks in hiring decisions. Part of this may occur because of imprecise statutory language (Congress in the case of the United States). Often governments do not define precisely the social problems in all its detail and complexity. In Topel's words, part of the problem may be that "bureaucrats attracted to work in the agency . . . have a disproportionate belief in its mission." Even so, there is at least one other important factor enabling the propagation of fervorous bureaucrats. Topel shows this can come about if "the evaluation of agency recommendations and punishment of the agency for poor performance are in different hands." One reason is that costs and benefits differ between the two. In any event, overregulation is greatest "when the social problem is least harmful" and "the oversight agency" is weakest.

Laws still matter independent of whether government bureaucrats over- or underregulate. Right to Work (RTW) legislation is one set of laws that potentially have powerful implications for labor. As is well known, RTW states cannot compel workers to join a union and pay dues even if represented under a collective bargaining agreement. Such laws were prevalent in the South, but of late have been passed in such states as Oklahoma, Indiana, Michigan, Wisconsin, West Virginia, and Kentucky. Clearly such legislation diminishes the power of unions, and thus has implications for unionization rates and worker wages. Given their staggered implementation across states and their varied effect across industries, Nicole Fortin, Thomas Lemieux, and Neil Lloyd adopt several identification strategies to measure their effect on unionization and wages in the next article. They find RTW laws lower wages and unionization rates. Further, they find unions increase wages about 35% when using RTW as an instrument in a wage equation.

Regulation isn't the only aspect that affects human behavior. The last two years witnessed one of the biggest unanticipated shocks felt world-wide in over a century. It is now well known that the COVID-19 pandemic dramatically reduced employment. In April 2020, just after the pandemic hit, the United States lost over 20 million jobs. Unemployment soared from 3.5% to 14.7%. Also well known, women were more dramatically affected than men. Their unemployment shot up from 3.6% in January 2020 to 16.1% in April 2020. Less well known is how immigrants, especially undocumented immigrants, fared during the pandemic. In the next article, George Borjas and Hugh Cassidy show a much more precipitous drop in employment for immigrants, but at the same time, a far faster recovery, especially for the undocumented immigrants. Interestingly, Borjas and Cassidy find the type of immigrants' jobs are most responsible for their bigger job losses, as these jobs had O*NET characteristics less inducive to working at home. But even more interestingly, undocumented workers rebounded more quickly than either natives or other immigrants, mostly because they did not qualify for generous pandemic instigated unemployment insurance benefits.

Costs and benefits are affected by world-wide shocks, but personal trauma can do the same, at least at the household level. In the final article, Daniel S. Hamermesh, Michał Myck, and Monika Oczkowska examine the effect of a specific, in some cases expected, and in some cases unexpected, familial shock, namely the death of a husband on a widow's time allocation. Given higher women's life expectancy, widows constitute an important yet understudied demographic group. Though there are slight variations across countries, roughly 50% of women over 70 were widowed compared to about 15% for similarly aged men. Using high-quality time-diary data, the authors analyze time usage for widows in a number of European countries and in the United States. They find newly widowed women spend less time in home production and personal care than married women, but more time sleeping and in other leisure activities. Longer-term widowed women spend even less time in home production but more time watching television.

The success of Research in Labor Economics depends on its authors and the quality of their articles. As this volume attests all authors have stellar reputations and have written significant state of the art articles with important policy implications. For this volume we especially thank Daniel Hamermesh who supported us in the initial stages of its planning. We also congratulate Simon

Jäger on becoming the new IZA Director. He is a noteworthy labor economist whom we are eager to work with as we produce future RLE volumes in conjunction with IZA. In this regard, readers who have prepared manuscripts that meet RLE's stringent standards are encouraged to submit them via the IZA website (http://rle.iza.org).

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Konstantinos Tatsiramos
Volume Editors