

SELECTED REFERENCES

INDUSTRIAL RELATIONS SECTION

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NOTEWORTHY BOOKS IN INDUSTRIAL RELATIONS AND LABOR ECONOMICS, 2002.*

The Industrial Relations Section is pleased to announce that this year's winners of the Richard A. Lester Award are Francine D. Blau and Lawrence M. Kahn for *At home and abroad: U.S. labor-market performance in international perspective*.

Alexander, Robert J. *A history of organized labor in Cuba*. Westport, CT 06881. Praeger (Greenwood Publishing Group, 88 Post Rd. West, Box 5007). 2002. 287 pp. \$64.95.

In this, the first of a series of monographs on the history of organized labor in Latin America, Alexander offers a well-documented examination of the complex history of organized labor in Cuba. The author begins with labor in Cuba's colonial period, but the main focus is on the nascent organized labor movement of the early 20th century and its development through successive regimes and stormy political, social and economic upheaval, culminating in its cooptation and absorption by the government of Fidel Castro.

Benner, Chris. *Work in the new economy: flexible labor markets in Silicon Valley*. Williston, VT 05495. Blackwell Publishers (P.O. Box 20). 2002. 293 pp. \$62.95, cloth; \$27.95, paper.

While the author's focus is regional, Benner's examination of labor market flexibility in Silicon Valley has implications for understanding the changing nature of work in the information economy as a whole. While flexible work is essential to competitive success in the information economy, it is only one of the rapid changes in employment. Benner also discusses the increasingly influential role of labor market intermediaries, such as temporary help firms, employment agencies, recruiters and labor contractor, in the relationship between employers and workers.

Blau, Francine D. and Lawrence M. Kahn. *At home and abroad: U.S. labor-market performance in international perspective*. Ithaca, NY 14851. Russell Sage Foundation (CUP Services, P.O. Box 6525). 2002. 314 pp. \$34.95.

The authors explore alternative explanations for the difference in labor market performance between the United States, with its high employment rate together with stagnating real wages and rising wage inequality, and other OECD countries. They suggest that because America's labor market was less regulated, it could better withstand the macroeconomic shocks (productivity trends, globalization, technological change and monetary policy) experienced by all Western countries since the 1970s. The U.S. market let the absolute and relative real-wage levels adjust, which permitted the unemployment rate to stay low. The more interventionist institutions in the rest of the OECD let the shocks be

* Items on this list should be ordered directly from the publisher. Addresses are given in connection with each reference.

expressed in employment, with the average unemployment rate in the European Union in 1999 more than double that in America during the same time period. Blau and Kahn acknowledge that institutions such as collective bargaining do affect relative wages, reducing wage inequality. Nonetheless, they warn about the societal costs of high unemployment in terms of negative psychological effects as well as lost output and income. They state that an expansion of the earned-income tax credit (EITC) would increase living standards of lower skilled workers without negative employment consequences.

Chait, Richard P. *The questions of tenure*. Cumberland, RI 02864. Harvard University Press (c/o Trilateral, 100 Maple Ridge Rd.). 2002. 334 pp. \$36.50.

The editor, a professor at Harvard's Graduate School of Education, has selected eleven essays that examine issues related to the tenure system. Setting aside the moral and intellectual aspects of the debate, the book makes an effort to explore tenure from an empirical perspective, presenting data culled from various studies and sources, in an effort to determine the effects of maintaining, or abandoning, tenure at educational institutions. One especially interesting analysis discusses developments at six colleges, all similarly situated academically and financially, three of which exchanged a contract system for a tenure system, while three, paradoxically, did completely the reverse.

Eberts, Randall W., Christopher J. O'Leary, and Stephen A. Wandner. *Targeting employment services*. Kalamazoo, MI 49007-4686. W.E. Upjohn Institute for Employment Research (300 S. Westnedge Ave.). 2002. 423 pp. \$64.00, cloth; \$23.00, paper.

This volume of papers from a conference held in Kalamazoo, Michigan from April 29 to May 1, 1999 on targeting employment services includes discussions of Worker Profiling and Reemployment Services, applications of targeting methods and the Canadian approaches.

Feldstein, Martin S. and Jeffrey B. Liebman. *The distributional aspects of social security and social security reform*. Chicago, IL 60628. University of Chicago Press (Chicago Distribution Center, 11030 S. Langley Ave.). 2002. 469 pp. \$57.00.

The studies in this volume, originally presented at a conference in October 1999, examine how the current Social Security system and alternative reforms would affect various groups: women (especially those who are widowed or divorced at a relatively early age), workers with low education or low earnings, and other people who are less likely to have additional private saving or pension incomes or more likely to have irregular employment histories. Among the important findings reported are: 1) There are significant gaps in the protection currently provided to existing elderly; 2) The various proposed benefit cuts would have a significant adverse effect on the living standard of future retirees; 3) The existing system is not as redistributive as the benefit formula implies; and 4) Adding an investment-based system of personal retirement accounts with deposits of 3% of payroll would increase the long-term benefits of every major demographic group.

Finlay, William and James E. Coverdill. *Headhunters: matchmaking in the labor market*. Ithaca, NY 14851. Cornell University Press (CUP Services, P.O. Box 6525). 2002. 203 pp. \$29.95.

Finlay and Coverdill, who focused on executive recruiters, found that these headhunters were radically different from traditional private employment agencies, in their active development of pools of suitable candidates, rather than passive acceptance of job hunters who approached them. The criteria headhunters used in choosing job candidates, after ability to do the job, was appearance, attitudes, interests and background that appealed to hiring managers.

Hindman, Hugh D. *Child labor: an American history*. Armonk, NY 10504.

M.E. Sharpe (80 Business Park Dr., Suite 202). 2002. 431 pp. \$29.95.

In the early part of the 20th century, the National Child Labor Committee set out to investigate child labor in the United States. Drawing upon their extensive findings, as well as other sources, Hindman sketches the history of child labor in the United States, focusing on six pivotal areas: mining, light manufacturing, cotton textiles, street vending, piece work in homes, and agriculture. There are also overviews of the "child labor problem" in the United States and its relationship to large-scale industrialization, American efforts at child labor reform, and the current state of child labor domestically and globally.

Hoffman, Saul D. and Laurence S. Seidman. *Helping working families: the earned income tax credit*. Kalamazoo, MI 49007-4686. W.E. Upjohn Institute for Employment Research (300 S. Westnedge Ave.). 2002. 245 pp. \$40.00, cloth; \$18.00, paper.

The two important income policy changes of the 1990s—the expansion of the Earned Income Tax Credit and the reform of welfare—has made EITC the largest cash transfer program for the poor and near-poor. The authors see as EITC's accomplishments its provision of meaningful income supplements to low and moderate income households, its movement of many working families out of poverty, its increase of labor force participation for many groups, and its existence as a viable alternative to an increase in the minimum wage. Problems of the program include penalizing workers with incomes at the high end of the EITC schedule, substantial financial marriage penalties, its inability to move larger families with low wage workers out of poverty and its needlessly complex eligibility criteria. Hoffman and Seidman suggest that reducing the phase-out rate and establishing separate, slightly more generous benefit schedules for married couples and families with three or more children would be worthwhile adjustments to the program.

Khurana, Rakesh. *Searching for a corporate savior: the irrational quest for charismatic CEOs*. Ewing, N.J. 08618. Princeton University Press (California Princeton Fulfillment Services, 1445 Lower Ferry Rd.). 2002. 295 pp. \$29.95.

In his examination of the basic mechanics of the CEO labor market, the author identifies the trend toward hiring CEOs from outside the firm. Khurana believes that this is due to the rise of investor capitalism and changing perceptions of the role of the CEO, rather than the ability of the external market to find the best candidates for positions. He argues that the lack of genuine competition for corporate leadership is detrimental to large American corporations. He notes that the selection of CEOs tends to take place under crisis and is restricted to candidates who are valued for their social rather than skills attributes. Khurana concludes that critical thinking on the part of all citizens is the key to dispelling the mystification of the "cult of the charismatic CEO," in corporations as well as elsewhere in our society, and ensuring the selection of the most qualified individuals as leaders.

Kletzer, Lori G. *Imports, exports and jobs: what does trade mean for employment and job loss?* Kalamazoo, MI 49007. W.E. Upjohn Institute for Employment Research (300 S. Westnedge Ave.). 2002. 221 pp. \$40.00, cloth; \$18.00, paper.

The growth of international free trade over the last two decades has provided ample empirical data for the effects of that trade on domestic labor. The author presents a broad picture of free trade theory through a review of the relevant literature, and analyzes systematically the precise effects of the free trade experience within and across categories of industries, particularly manufacturing. The

book contains an impressive array of statistical material covering trade, manufacturing and employment over the last twenty-five years.

Korobow, Adam K. *Entrepreneurial wage dynamics in the knowledge economy*. Hingham, MA 02018-2358. Kluwer Academic Publishers (Order Dept., P.O. Box 358). 2002. 125 pp. \$95.00.

Engaging in the argument about the contribution of small enterprises to job creation and employee compensation, Adam Korobow challenges the belief that small firms are short-lived and pay lower wages than large corporations. His position is based on the evolutionary theory of entrepreneurship rather than the traditional static model. His empirical evidence, drawn from the Georgia ES-202 Unemployment Insurance data, demonstrates that new and small enterprises increase the level of employee compensation over time and at a higher rate than large enterprise; in the knowledge industries in particular.

Krueger, Alan B. and Robert M. Solow. *The roaring nineties: can full employment be sustained?* Ithaca, NY 14851. Russell Sage Foundation (CUP Services, P.O. Box 6525). 2002. 592 pp. \$49.95.

The contributors to this volume examine a single economic episode—how the workings of labor markets at the microeconomic level in the latter part of the 1990s led to the macroeconomic result of a drop in the unemployment rate without inflation. Three areas (economic policy, structural causes, and future possibilities) are examined by unusual groupings of macro- and micro-economists working together on a single problem. A possible explanation for the phenomenon is that real wages grow more slowly during a rapid acceleration of productivity than they do before the adjustment is complete. That gap slowed the rise in inflation. Other explanations include favorable external supply shocks that occurred in the latter half of the 1990s or the efficiency of the labor market in matching workers with available jobs.

Levine, David I. et al. *How new is the "new employment contract"?: evidence from North American pay practices*. Kalamazoo, MI 49007-4686. W.E. Upjohn Institute for Employment Research (300 S. Westnedge Ave.). 2002. 263 pp. \$41.00 cloth; \$22.00, paper.

David Levine and his co-authors examine different dimensions of wage flexibility. Some of their results verify previous observations (e.g. the rising overall inequality in wages and the rising returns on skill) but use detailed microdata and a longer time span than other studies. A more surprising finding is that shocks to either product markets or to labor markets do not affect either wage levels or rigidities. According to the researchers' survey results, there is no difference in employees' norms toward pay cuts and layoffs in the old and new employment contracts. Fairly consistent attitudes opposing most pay cuts may have limited the spread of the new employment contract.

Wolff, Edward N. *Retirement insecurity: the income shortfalls awaiting the soon-to-retire*. Washington, D.C. 20036. Economic Policy Institute (c/o Publications Dept., 1660 L Street, NW, Suite 1200). 2002. 95 pp. \$10.95.

Even before recent stock market reversals, there was a significant number of households headed by a person approaching retirement with income inadequate for retirement. Almost 20% of these households were below the poverty line, and the number households unable to replace half their pre-retirement income doubled. For the median household headed by a person aged 47-64, retirement wealth declined from 1983-1998 by 11% compared to the average rise of 4%. Wolff indicates that one reason for the deterioration of retirement wealth was inadequate pension coverage. He advises policy makers that until pension coverage improves, they need to maintain rather than privatize the Social Security system.