The Industrial Relations Section is pleased to announce that this year’s winner of the William G. Bowen Award is *What does the minimum wage do?* by Dale Belman and Paul J. Wolfson. The winner of the Richard A. Lester Award is *After civil rights: racial realism in the new American workplace* by John D. Skrentny.


Through meta-analysis of more than 200 scholarly papers regarding the minimum wage published since 1991 (with a focus on papers published since 2000), academics Belman and Wolfson attempt to clarify existing research and explain effects of minimum wage increases on factors including earnings, education, employment, inequality, and poverty. Populations impacted by changes to the minimum wage and the timing and size of effects are examined in relation to three general models of the labor market taken from existing literature. Though emphasis is on the United States (U.S.), the micro and macroeconomic analyses also consider research from Canada, the United Kingdom, and several other developed countries. The authors conclude that modest minimum wage increases raise wages for the working poor without substantially affecting employment or work hours, providing “solid benefits with small costs” (p. 401). The minimum wage is positioned as a policy instrument that, when used properly and in conjunction with other policies and programs, can improve living standards of the working poor.


Contributors to this volume in the “Research in Labor Economics” series examine the causes and effects of labor market changes worldwide. Focusing on changes in demographics, acquisition of knowledge, and government policies and programs, the contributions deal with topics including fertility, working age, formal education, retirement decisions, welfare, and various types of employment. Effects on the well-being of workers in various contexts are subjected to economic modeling and analysis. Through discussions of their findings, the academic contributors attempt to explain historical trends and answer difficult questions that have a wide range of implications for the current and future conditions of the global labor market.


Contributors explore aspects of early 1900s industrial development, Americanization of immigrant workers, and the emergence of capitalism in southern Colorado through the lens of the Colorado Fuel and Iron Company (CFI) under the leadership of the Rockefeller family. They explain and evaluate employee welfare services provided by CFI,
including the education-focused CFI Sociological Department and an expanded relationship with the YMCA, in the context of the Southern Colorado Coalfield Strike of 1913-1914 and culminating massacre within the Ludlow tent colony that claimed more than 20 casualties including Colorado militia, striking miners, and their families. Called to answer for this tragic event, John D. Rockefeller, Jr. established the Colorado Industrial Plan, an employee improvement program that created a company union and forever changed relations between labor and management on a national and, eventually, global scale.


Focusing on economic welfare and sustainability, human capital, income distribution, and wealth, contributors to this National Bureau of Economic Research volume in the “Studies in Income and Wealth” series propose solutions to long-standing challenges regarding economic measurement. Comprised of revised papers and discussions from the 2012 meeting of the Conference on Research in Income and Wealth, this volume has a contemporary emphasis, concentrating on leading economic factors and statistical outcomes of the Great Recession. Academics, statisticians, and policy researchers expand previous research through original analyses intended to increase understanding of economic growth distribution and sustainability. Integration and analysis of micro and macro-level data and discussions of industry, economic sector, and national accounts of the U.S. and several other developed nations result in a recommendation for development of comprehensive and consistent accounting techniques for measuring economic activity on a national level.


Piketty discusses historical movements of wealth and income, the evolution of wealth distribution, and income and wealth inequality. Reasons for the global increase in inequality and what do about it are major themes and related issues include how to divide output between profits and wages. Fifteen years of wealth and income research including analysis of 300 years of data covering more than 20 countries leads Piketty to conclude that in the modern economy, economic and wage growth fall short of returns on capital, increasing inequality. Analysis of tax data in addition to surveys of income and expenditures enables Piketty to identify sources of income when evaluating trends in inequality. The economist challenges Kuznets’s theory, which posits that as an economy develops, income inequality increases, peaks, and then decreases, resulting in a bell curve. “To avoid an endless egalitarian spiral and to control the worrisome dynamics of global capital concentration,” Piketty recommends progressive global taxation of wealth and investment income coupled with a high level of financial transparency between nations (p. 515).


Rosenfeld updates and extends concepts covered in *What Do Unions Do?* by Richard B. Freeman and James L. Medoff (1984), explaining consequences of the continuing decline of “Big Labor” in the U.S. since the 1970s. Noting the equalizing role that organized labor once played within the private sector and the shift in power to employers resulting from its decline, Rosenfeld details the effects on income equality, civic engagement, and racial equity. Decreasing membership and infrequent and unsuccessful strikes limit effectiveness and alter roles of existing unions. The insignificant position that organized labor now occupies in American society is especially detrimental to minorities and to workers lacking a college education who are employed in competitive occupations. However, Rosenfeld asserts that even “average Americans” work for employers that wield “power to define nearly everything about their working lives” (p. 9).

Skrentny identifies changes in race-related employment practices within the U.S., reveals that these are not often legally supported, and suggests methods of reform. He introduces the concept of “racial realism,” a management strategy based on employer perception that one’s race influences the ability to perform successfully in a particular occupation and increase organizational achievement. Racial realism also supposes that racial background may determine signals conveyed to customers and the public. This is contrasted with classical liberalism, which advocates racial blindness in the workplace, and affirmative-action liberalism, which recommends that employers consider race in order to achieve justice and which serves as the foundation of Title VII and other legal regulations. Racial demographics, the workplace, and discussions about race have changed drastically since the Civil Rights Act of 1964 was enacted. Skrentny believes that, “the lauding of racial differences as beneficial for organizations suggests a new strategy for thinking about and managing race in America” (p. 2). Basing his argument on data, empirical examination of various employment sectors, and investigation of existing moral philosophies and legal doctrines, Skrentny recommends national debate and, ultimately, policy reform that reconciles the law with current practices of racial realism within different sectors of employment.


Teitelbaum investigates whether the U.S. is competitive in recruiting science and engineering workers worldwide. His historical analysis reveals that estimated supply and demand for scientific talent was not well-founded, resulting in surpluses and shortages of scientists entering the workforce including five periods of unnecessary alarm within the past 70 years. Teitelbaum correlates these cycles to changes in government funding, noting that “clear signs of malaise in the U.S. science and engineering workforce are structural in nature and cannot be cured simply by providing additional funding” (p. 3). In fact, additional funding has recently had a disrupting effect. Cross-national comparisons of the research population and examination of the adequacy of the scientific workforce in relation to current and future needs of the U.S. lead Teitelbaum to advocate stronger economic analysis of the supply side of this equation and ongoing inquiry into the motivations and desired careers of new scientists.


North American, European, and Australian contributors to this volume in the “CESinfo Seminar Series” investigate increased and interrelated mobility, across developed countries, of university students and individuals considered highly skilled, examining positive and negative consequences and issuing policy recommendations. Student mobility affects higher education provision and financing from the public sector, the migration of highly skilled individuals, fiscal policies, and economic growth. Consequences are felt within the nation of origin, the country in which university education takes place, and the destination country for employment. Several of the contributors address effects of university/host country education policy on accumulation of human capital. In addition, they examine whether increasing the number of highly-skilled workers within a particular geographic area via immigration creates “localized knowledge spillovers” that drive innovation and, ultimately, contribute to regional economic development (p. 321).

Weil, current Administrator of the Wage and Hour Division of the U.S. Department of Labor, offers in-depth analysis, supported by original and secondary research and illustrated by case studies, of “fissuring” of the workplace, which contributes to erosion of the employer-worker relationship. In recent decades, capital market pressure and new technologies led many large “lead” businesses to focus on core competencies that created value for shareholders by reducing costs and increasing efficiency. This required shedding other functions to subcontractors, franchises, and members of the supply chain, each engaged in cost-based competition. Fissuring may be positive for consumers or investors but it can negatively affect working conditions, wages, and the economy. With lead businesses no longer sharing a portion of the value they create, worker wages and benefits stagnate. Cost-focused secondary organizations are not incented to pay attractive wages or follow lead business standards and may even violate wage and hour laws and safety regulations. Lead businesses are reluctant to claim responsibility because they no longer have direct control. To increase the standard of living for workers without forcing lead businesses to forfeit benefits of the fissured workplace, Weil recommends imposing standards on secondary organizations and overhauling labor laws and policies.


Social science contributors analyze the functions and effectiveness of public policies designed to address the widening U.S. income gap by increasing income and reducing poverty. Several contributors examine the labor market effects of deindustrialization, declining union membership, lack of education, immigration laws, and offshoring. Others investigate the outcomes of federal, regional, and local labor market initiatives including living wage laws, tax subsidies, unemployment insurance, paid family leave, the Affordable Care Act, job training programs, provision of career ladders, and legalization of undocumented workers. These contributors conclude that despite merits, each initiative has shortcomings and none offers a universal solution, leading the editors to exclaim that “the time is ripe for a renewed discussion...about policies that can work for low-wage workers” (p. 8). To improve conditions for the working poor, contributors call for policymaker consensus regarding relevant programs and recommend developing and monitoring policies that generate and support good jobs. Woven together into a comprehensive framework, these programs and policies could enable low-wage earners to emerge from poverty.


Commissioned as background for an African unemployment report, contributions analyze the nature and extent of youth unemployment and underemployment in the Sub-Saharan region of Africa. Micro and macroeconomic reviews of literature including ongoing research are supplemented by case studies of Ethiopia, Ghana, Kenya, and South Africa. An argument is made that using labor market theories designed for developed economies and the narrow definition of unemployment prescribed by the International Labour Organization results in inaccurate portrayal of the employment situation within this region, leading contributors to present alternative measurements. To address the youth employment crisis, which is attributed to underdeveloped human capital and low productivity, contributors propose comprehensive, short and long-term policy solutions focused on education, public health, employment opportunities, and the larger economy.