The first winner of the recently created William G Bowen Award for the book *The new geography of jobs* is Enrico Moretti. The award is presented to the book making the most important contribution toward understanding public policy related to industrial relations and the operation of labor markets. This year’s winner of the Richard A. Lester Award for the book making the most original and important contribution toward understanding the problems of industrial relations and the evolution of labor markets is *Pay: why people earn what they earn and what you can do now to make more* is Kevin F. Hallock.


Based on papers presented at an April, 2011 conference, this collection connects long-term unemployment and its economic and psychological consequences with labor market policies for increasing job creation and re-employment. In comparing policy results, several contributors suggest that while flexicurity, which combined pro-active labor market policies with welfare state supports, was appropriate for the pre-Great Recession period of economic growth, countries whose firms reduced working hours to retain employees showed better employment results during the crisis. John Schmitt illustrates this contrast by comparing the German (reduced hours) and Danish (flexicurity) experiences (Chapter 3). Also comparing flexicurity with a welfare system social model in OECD countries, Michele Tiraboschi and Silvia Spattini note a convergence of the two models as a response to the financial crisis and stress the need to understand the context and legal framework in which solutions will be implemented (Chapter 7).


Since most advanced economies are not producing enough highly educated workers, promoting skilled migration, which is associated with stronger growth rates, is a desirable political and economic policy. Looking at sending and receiving countries, the authors of *Brain drain and brain gain* conclude that countries at both ends of the pipeline gain value from the immigration of high-skilled labor. The sending countries receive both monetary remittances and an inflow of knowledge from the emigrants, while natives in the home countries are incentivized to invest in training. In receiving countries, the employment of high-skilled, immigrant workers has a positive employment and investment effect on native workers. Nonetheless, most of the receiving countries have restrictive immigration policies, and Chapter 5 is devoted to an explanation as to why. The authors emphasize that migration policy must be seen as a long-term tool to attract high-skilled workers, and that immigration restrictions can produce unintended, negative consequences. They conclude with an analysis of how the current balance might change if competition for these workers intensifies.

For ten years, from 1989 when the Soviet Union began to dissolve, Israel needed to absorb into its labor market approximately 900,000 highly educated, highly skilled Soviet immigrants, the equivalent of 20% of its population. This event provided the authors with a natural experiment in the economics of immigration. Their research involved the study of search, investment in human capital, and the impact of the labor market performance of the immigrants on the wages and employment of native Israelis. Among the conclusions they reached were: 1) With financing, both by direct foreign investment and government borrowing, the immigrants were absorbed without long-term adverse effects on the native population. 2) Because the immigrants’ skills were not put to immediate use, the newcomers lost approximately 14% of their potential lifetime earnings. 3) Government assistance programs allowed the immigrants to upgrade to better jobs in about five years on average.


Garcia makes a critical reassessment of the life and work of Cesar Chavez, the founder of the United Farm Workers (UFW). During the 1960s, Chavez and his organization emerged as leaders of the effort to win safer, more humane working conditions and fairer wages for farm workers. Distinguished by his use of the grape boycott against non-UFW growers, Chavez expanded the boycott to consumers by appealing to their sense of social justice. Ironically, the exclusion of agricultural workers from the National Labor Relations Act allowed them to implement this secondary boycott, a tactic specifically prohibited by labor laws. The UFW’s cooperation with the California state government culminated in the passage of the state’s Agricultural Labor Relations Act (ALRA). Garcia describes Chavez’s change, after the signing of the first grape contracts in 1970, from a union leader who encouraged his organizers to be independent and creative in their strategies to an autocrat deluded by his successes. He began to believe in his own infallibility and tried to impose on the organization’s members a Synanon-like culture of obedience. It was other UFW leaders who pressured Chavez to be accountable to the union membership and who were able to maintain the organization. Ultimately, Chavez was unable to go beyond the boycott to use “state-sponsored solutions” and professionalization in the venues of Agricultural Labor Relations Board elections, arbitration, and the courtroom. (p. 287)


A leading scholar in the field of compensation, Kevin Hallock covers a full range of compensation topics and provides both a scholarly text and a primer for practical use. His discussion of compensation differences among various groups includes the question of income distribution inequality, at national and international levels. He looks at the pay structure of various occupations and the characteristics of workers filling those jobs. He considers compensation from the point of view of both the employer, concerned with cost, and employees, concerned with the value of their work, as well as how much they earn. In the section on the mechanics of setting pay levels, Hallock’s description of job analysis and job evaluation provides a guide to using both internal and external market data comparisons to determine the value of jobs in an organization. He devotes a chapter to the issue of executive pay, focusing on CEOs of publicly traded companies, but touching also on other highly paid “star” professionals like athletes and entertainers. His section on compensation amounts includes discussion of equity pay (stock and stock options) and benefits. While Hallock’s book focuses on pay practices in large organizations, his explanations of compensation structure and process can also be applied in unionized, nonprofit, and government workplaces.

Huberman’s study of international trade and labor standards begins in the last quarter of the nineteenth century, using the experiences of Belgium, Brazil, and Canada as representative of the European, North American, and Latin American social models, and carries the analysis through the twentieth century. In the earlier period, European labor leaders endorsed national policies of free trade. The Belgian Labor Party’s Emile Vandervelde linked support for free trade to “the adoption of a package of labor regulations and social entitlements” to insure workers against the vicissitudes of dislocation. (p. 2) Increased labor costs spurred manufacturers to upgrade technology and improve exports. In Huberman’s view, trade became a “pathway” for the spread of the labor compact. The New World story was different. The relative scarcity of labor and the exporting of natural resources rather than manufactured goods led to protectionism and support for immigration quotas. Greater inequality developed in New World countries which adopted labor compacts relatively late. Huberman spends considerable time on reverse causality; labor reform raised wages which raised productivity, favoring firms that exported more. Applying the lessons from the past to today, Huberman notes that trade pressures are weaker with the result that low-wage countries do not have the same incentives to improve labor conditions. He endorses the concern of poor nations and presents the conclusion that imposing labor regulations without lowering trade barriers “serves only to empower protectionist interests of advanced economies” and “harms the very workers who are intended to benefit from an international code of labor standards.” (p. 172)


Maxwell reviews the pre-Affordable Care Act (ACA) enactment behavior of employers vis a vis employment-based health insurance in order to gain insights into the changes that might occur once the provisions of the law are in place. Data for her research come from the California Health and Employment Survey (CHES), a cross section of 1427 private firms with five or more workers. She notes three pre-act behaviors: 1) Firms with a majority of low-skilled workers were less likely to offer insurance than other firms in 2005-2006. 2) The increase in health care costs from 2000-2005 brought about a change in workers’ compensation in 70% of the firms surveyed, usually a reduction in the quality of health insurance offered. 3) Most of the small firms (fewer than 50 employees) that did not offer health insurance felt that the cost was too high either for the firm or the workers. While Maxwell predicts that the ACA will influence the behavior of all firms that offer health insurance, she feels it is unlikely that small firms that did not offer health insurance before the passage of ACA will begin to do so despite the economies of scale and the tax credits for premiums included on their behalf. Among her other conjectures are: 1) Low-skilled workers might increase both their coverage and the quality of the insurance offered under ACA, while higher-wage employees in high-skilled firms might lose quality of coverage or have to pay higher premiums to maintain the quality of their current plans. 2) Differences between low-skilled and high-skilled firms in the area of non-health benefits, such as paid time off or supplemental health plans, might increase due to the increase in health care costs.


Moretti reframes the problem of employment and education geographically. What he calls the Great Divergence describes the difference among cities based on residents’ levels of education. American cities are sorting by educational attainment, race, and earnings with growing socioeconomic differences in life expectancy, divorce, and crime rates. Moretti warns that the clustering he describes will only increase inequality. The successful cities attract not only innovative firms and their highly educated and skilled workforce, but related businesses offering high wages. The innovation industries have a positive impact on the local service sector, which comprises two-thirds of American jobs, occupations such as lawyers, clerks, hairstylists, etc., and on the productivity of local workers at every skill level. They have replaced manufacturing as the driver of the American economy, having a multiplier effect three times that of manufacturing. For every high-tech job, five additional skilled and unskilled jobs
are created. He gives a balanced analysis of possible solutions. For instance, while proximity to top academic research centers is necessary, it is not sufficient; Moretti feels that luck also plays a part in determining which metropolitan areas emerge as innovation localities. He is skeptical about the ability of place-based policies—even large scale, coordinated menus of tax breaks, incentives, and local amenities improvements—to help cities break out of the “poverty trap” and attract skilled workers and companies with good jobs. He is clear about the priorities necessary to improve America’s human capital. For the United States to maintain its world economic leadership, policies that support education at all levels, increase investment in research and development, and reform the immigration system to favor those with advanced degrees must be established.


Using news stories, legal records, personal and organizational documents, and approximately one hundred interviews with union leaders, strikers, non-striking employees, company executives, public officials, and civic leaders, Rhomberg documents the politicization of labor negotiations using the Detroit newspaper strike that began in 1995 as his lens. The strike, which involved 2500 employees and lasted for five years, was one of the largest private sector strikes from 1984 to 2002. In a union town like Detroit, strikers could appeal for support to the larger community, which participated in consumer and advertising boycotts and demonstrations. The Ganett and Knight Ridder news corporations responded with lawsuits against the unions among other strike-breaking actions. By July, 2000, a federal Appeals Court overturned the NLRB unfair labor practice decision on their behalf, and the unions, despite their efforts, were forced to accept the management offer. The agreements that were signed did not provide amnesty to the fired strikers. To Rhomberg, the central problem in the Detroit strike was not that there was a failure in communication, the usual explanation of conventional economic theories of strikes, but that the two sides were operating under different sets of rules. The unions continued to use the consensus model with collective bargaining at its center, while management chose to flex its muscle by spending millions of dollars to hire replacement workers, private security forces, and lawyers to file lawsuits against the unions, the tactic that finally prevailed. Rhomberg augments his “deviant case analysis” of the strike with details about the evolution of the newspaper industry nationally, the communal aspects of Detroit, the newspaper workplace, and the role of the federal government and labor law at the end of the twentieth century, as well as descriptions of the strike and its resolution. In summary, he quotes Rev. Ed Rowe who said that the Detroit strike was “a small piece of a much larger issue about whether there is going to be a right to collective bargaining or whether corporate America has carte blanche.” (p. 276)


Part of a new series from the International Social Security Project, the book examines the effect of disability programs on retirement in twelve industrialized countries. Each chapter presents detailed, country-specific analyses of disability programs, mortality, self-reported health measures, and labor force participation. Because country-specific health measures are not comparable, between countries and within a country over time, the researchers use changes in mortality over the last half century to analyze the relationship between mortality and labor force participation. They find that labor force participation rates among these countries diverge as mortality rates increase, but that participation in disability programs “shows little relationship to the reduction in mortality.” (p. 26) The researchers also argue that disability programs are essentially providing early retirement benefits to workers. To answer the question “given health status, to what extent are the differences in labor force participation across countries determined by the provisions of disability insurance programs?” the researchers plan to develop comparable measures of health, determine to what extent disability insurance reforms derive from a country’s health status, and “understand whether disability insurance provisions are prompted by the employment circumstances of older people in each country.” (p. 38)