NOTEWORTHY BOOKS IN INDUSTRIAL RELATIONS AND LABOR ECONOMICS, 2003*


This book deals with the consequences of economic restructuring for the 42 percent of the American workforce without a college degree. It consists of case studies of firms in every sector of the economy and delineates the reasons for the changes in the aggregate wage structure over the past three decades. The authors examine how the decisions firms make in response to economic pressures, possibly caused by rapid technological change and/or international competition, affect working conditions, work rules, productivity pressures, skill requirements and opportunities for training and advancement. Their findings indicate that government can effectively intervene by protecting the freedom to organize and bargain collectively, raising minimum wage requirements and supporting regional labor market institutions.


The authors correct several popular notions about downsizing, indicating that it is a temporary, limited phenomenon, that takes place primarily in very large firms in the manufacturing sector, firms whose workforce size quickly returns to pre-downsizing levels. Downsizing to deal with temporary difficulties is a misguided attempt to increase efficiency. It is also used to make personnel changes by hiring differently skilled workers than those who were laid off. Companies that downsized did so to increase profits, a goal that was often accomplished by depressing workers' compensation, thereby transferring income from labor to capital. No matter what companies claimed, downsizing in manufacturing firms did not contribute to productivity.


The authors promote the idea of “partnership capitalism” by arguing for the extension of stock options to a larger portion of the American workforce, not just the few top executives of large corporations, who have increased their control of outstanding public shares in the United States from 0-10% in the past twenty years. Evidence indicates that broad-based employee ownership produces more value for the shareholders, an outcome which has not been the true of executive stock options. The authors believe that this model creates a more

* Items on this list should be ordered directly from the publisher. Addresses are given in connection with each reference.
democratic workplace with less likelihood of executive malfeasance. They admit that creating these incentives is far easier in a new company in a new industry than in a large, traditional corporation. Blasi, Douglas and Bernstein also warn against granting too many options and thus diluting the return.


The authors restate the question of globalization versus labor standards to show that free trade complements labor standards in the quest to improve welfare. They believe that improved implementation of labor standards and market access for well-made products from less developed countries will lead to a better functioning world economy and that increased trade with developing nations will bring consumer pressures for better working conditions. These higher standards reduce the pressure for protectionism in more wealthy nations and, therefore, increase support for free trade.


Leon Fink relates the story of the struggle of the Guatemalan and Mexican immigrant workers at the Case Farms poultry plant in Morganton, North Carolina since the 1995 strike, examining union activity at both the local and national levels. He explores how the social structure of the workers' home communities, largely villages in the Mayan Highlands, helped them organize, however weakly. Some of the immigrants brought with them the support of robust family and community structures, "salient Mayan 'little communities,'" though there was also disunion among the multiple ethnic and language groups, evident in both labor activities and in how people related to the pan-Mayan movement.


The authors developed the Earnings Capacity indicator (EC) from publicly available March CPS data to describe the potential contribution of the working age population in America to the national economy. The EC takes into account not only the size of the available labor force, but also the skills of the workers. Haveman, Bershader, and Schwabish admit that some of the assumptions on which the measure rests are controversial, such as the use of labor market prices to assign values to human capital services. However, the fewer data requirements of the EC, compared to other human capital indicators, allow it to be computed and reported in a timely way and can reveal both long-term demographic and labor-market patterns.


This volume contains the papers presented at the third Alvin Hansen Symposium on Public Policy. In his paper, Alan Krueger emphasizes the balance that societies must create between "the beneficial incentive effects of inequality and the harmful welfare-decreasing effects of inequality." He presents evidence that an effective strategy for restoring a balance in the American economy would include expanding education and training programs for less-skilled workers. In their chapter, Carneiro and Heckman address the problem of the decreasing supply of skilled workers in America. Income available to families over a child's entire life cycle is
more important in promoting college readiness than tuition reductions or supplementing incomes of families with college-age children. They stress the importance of programs for young people that help create "abilities and motivations that affect learning and foster productivity" and that a good family environment is as important, if not more so, than schools.


The essays in this volume were commissioned in honor of the seventy-fifth anniversary of the Industrial Relations Counselors, Inc., an organization founded by John D. Rockefeller, Jr. after the Ludlow massacre to advise him and others on management-labor relations. An attempt to find a less adversarial model than that of collective bargaining led to the Colorado Plan, an employee representation plan whose goal was to decrease hierarchy and arbitrary, authoritarian control, improve communication between management and labor, and provide a grievance procedure to resolve disputes. The human resource management approach that evolved during the twentieth century tried to integrate the interests of companies and their employees. The current challenge is to create organizations that can respond quickly to changing market demands and still operate smoothly day-to-day.


In contrast to several texts that consider monopsony a situation in which there is only one buyer (or employer of labor), Manning understands monopsony to be merely the upward-sloping nature of the demand curve. He approaches his four-part study within the framework of two additional assumptions: that there are significant frictions in the labor market and employers do indeed set wages. Under all these assumptions, Manning proceeds to comment on many facets of labor economics such as minimum wage, gender discrimination in labor markets, and unemployment. He concludes by urging labor economists to consider more seriously the effects of market interventions rather than adhering — sometimes "thoughtlessly" — to theory, especially with respect to policy-making.


The essays in this volume examine how benefits and compensation packages will respond to the need for economic restructuring, demographic shifts and changes in the role of government versus private sector. The chapters in the first section deal with developments in the future workplace and outline the implications for benefit coverage and design. The authors in the second section look at challenges to benefits and compensation design such as recession and economic volatility, the interaction of business conditions with the slower labor growth predicted for the future, and the benefit effects of the evolving labor-management relationship. The case and sector studies in the last three chapters provide insights into specific company and sectoral practices.

Mortensen, Dale T. Wage dispersion: why are similar workers paid differently? Cumberland, RI 02864. MIT Press (Triliteral, 100 Maple Ridge Dr.) 2003. $30.00.

In answering the question of why similar workers are paid differently, Mortensen points to differences in employer productivities. He presents a closer look at his
previously developed Burdett-Mortensen Model that observes the behavior of both employed and unemployed workers seeking higher paying jobs. Ultimately, he contends that more productive employers generally offer higher wages and draw more workers. The efficiency and productivity levels of employers, however, are hardly stagnant. Several different forces effect changes in productivity, and many of these forces, like technological innovation, are largely unpredictable and lead to ever-varying job market conditions.

Mortimer, Jeylan T. *Working and growing up in America*. Cumberland, RI 02864. Harvard University Press (Triliteral, 100 Maple Ridge Dr.). 2003. $45.00.

The researchers in the decade-long Youth Development Study (YDS) have focused on work experiences during high school to answer the question “Should adolescents work”? Mortimer presents findings that show that there was no discernible, empirical tradeoff between paid work and other activities, such as chores, and community service. High-intensity work (more than 20 hours per week) was more prevalent among boys and less advantaged teenagers. These young people saw their jobs as opportunities for learning and advancement, even though their initially higher earnings after high school will be surpassed in lifetime earnings by more highly educated contemporaries. Teenagers involved in lower-intensity employment patterns had stronger attitudinal and familial resources to support their development and ambitions and achieved a better balance between work and school. The author promotes the model of the Cornell Youth and Work program as a way to give young people the opportunity to “master a variety of skills and learn about the organization and the industry as a whole,” and make better informed decisions about their occupational choices.


Drawing on data from the May 1997 Current Population Survey and two waves of the National Survey of Families and Households, Presser documents the widespread use of nonstandard work schedules and examines their impact on families, especially those who are economically disadvantaged. While there are positive consequences of these schedules, such as more gender equality in housework and increased parental time with children, the author’s findings also demonstrate an increase in marital instability and the need for available, affordable formal child care.


This study of the school-to-work experience of fifty young black and white males gives support to the role of discrimination as an explanation for the discrepancy in black and white employment. Royster used her ambiguous racial appearance to conduct “undercover” cross-racial research, allowing her unusual access to attitudes in both communities. Her interviews elicited descriptions of the difficulty African-American men had obtaining work appropriate to their training compared to their white classmates, even though the black students had better attendance rates and higher grades, were less likely to have arrest records, and were willing to travel farther and work for lower wages than their white counterparts. The conversations also revealed the white men’s belief that blacks were unfairly advantaged because of reverse discrimination. Her conclusion is that “without governmental initiatives that provide strong incentives for inclusion, white tradesmen will have no reason to open their networks to men of color.”