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Ronald G. Ehrenberg
Cornell University, rge2@cornell.edu

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Review of the Book *Essays in Labor Market Analysis*

Abstract

[Excerpt] Yochan Peter Comay was an Israeli economist who received his Ph.D. from Princeton in 1969. His career was tragically cut short in October 1973 when he was killed during the Yom Kippur War. Comay's research focused on bargaining models, investment in human capital, and analyses of migration. To honor him, Orley Ashenfelter and Wallace Oates have gathered together a collection of eleven essays written by his former colleagues and friends in both the United States and Israel, which faithfully reflect these interests. Included are two essays on aspects of bargaining theory, four relating to job satisfaction, work effort and job search, three on income distribution, and two that provide frameworks for evaluating specific labor market programs.

While all of the papers in this volume will be of at least passing interest to academic labor economists, their quality is unfortunately uneven. Some are substantive pieces on important issues and could clearly have found their way into leading academic journals, had the authors chosen to follow that route. Others are more preliminary in nature and would have profited from being refined and extended before being published. Fortunately, the majority fall in the first category.

Keywords

bargaining models, human capital, migration, income distribution

Disciplines

Labor Economics | Labor Relations

Comments

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ployment in the construction industry does not explain adequately the willingness of workers to engage in such activities.

Another obvious oversight is the lack of any discussion of the ideological conflicts within the BLF and between it and other unions. In particular, Roddewig seems unaware that Australia has not one Communist Party, but three. Thus the leadership of the federal BLF and the New South Wales branch of the union are both referred to as "Communists all" without mentioning that they belong to different Communist parties that bitterly oppose each other. Yet another building industry union—the leadership of which is identified with the third Communist party—should have played some role in this narrative, but goes completely unmentioned. Similarly unmentioned are the legal complexities of state and federal union registration provisions, a flaw that results in oversimplification of Roddewig's explanation of the defeat of the Owens-Munday-Pringle faction in New South Wales.

Ultimately, the problem seems to be that the author is an American lawyer with an interest in conservation but with little interest or background in industrial relations. This leads him to exhibit more concern with the reluctance of Australian courts to become involved in social reform (though what justifies his implied assumption that judicial interference would necessarily be liberal and progressive is a mystery to this reviewer) than with the industrial-relations implications of the "Green Ban" movement. Thus, for the industrial-relations specialist, this book not only fails to answer most of the crucial questions; it does not even raise them.

Clifford B. Donn

Instructor of Industrial Relations
Alfred P. Sloan School of Management
Massachusetts Institute of Technology

Labor Market

Essays in Labor Market Analysis. Edited by Orley Ashenfelter and Wallace E. Oates. New York: Halsted Press, 1977. x, 229 pp. \$32.50.

Yochan Peter Comay was an Israeli economist who received his Ph.D. from Princeton in 1969. His career was tragically cut short in October 1973 when he was killed during the Yom Kippur War. Comay's research focused on bargaining models, investment in human capital, and analyses of migration. To honor him, Orley Ashenfelter and Wallace Oates have gathered together a collection of eleven essays written by his former colleagues and friends in both the United States

and Israel, which faithfully reflect these interests. Included are two essays on aspects of bargaining theory, four relating to job satisfaction, work effort and job search, three on income distribution, and two that provide frameworks for evaluating specific labor market programs.

While all of the papers in this volume will be of at least passing interest to academic labor economists, their quality is unfortunately uneven. Some are substantive pieces on important issues and could clearly have found their way into leading academic journals, had the authors chosen to follow that route. Others are more preliminary in nature and would have profited from being refined and extended before being published. Fortunately, the majority fall in the first category.

A brief survey of the volume's content should whet the reader's appetite for the collection. Orley Ashenfelter's paper on public sector labor markets is the first paper on the topic explicitly to include labor supply considerations. Ashenfelter finds that state and local government employees' wage levels are sensitive to the level of aid received from the federal government. Given current concern over the uses, and misuses, of CETA funds, this is surely an important finding. A second paper relevant to public policy is the evaluation by James Heckman and Kenneth Wolpin of the impact of the contract compliance program on minority economic well-being. Although a condensed version of this paper was published previously in the *Industrial and Labor Relations Review* (July 1977), there is enough additional material included to make this version worth reading.

Perhaps the most creative piece in the volume is Daniel Hamermesh's paper on job satisfaction. Hamermesh presents a life-cycle model of occupational choice in a world that contains both occupation-specific investments and uncertainty about future returns. The model yields implications about the relationships between job satisfaction and relative earnings, work experience, and the specificity of job training, which receive general empirical support from two separate bodies of data. In this—the first comprehensive treatment of the issue by a labor economist—Hamermesh emphasizes that job satisfaction is inherently a relativistic concept.

Other papers relating to the general topic of job satisfaction, work effort, and job search are John Pencavel's on industrial morale, Arie Melnik and Daniel Saks's on job-search behavior of college seniors, and Uri Ben-Zion and Edi Karni's on the relationship between "tip" payments and the quality of service. This last paper, which deals with gratuities not tax-based incomes policies, regrettably is restricted to a simple comparative static treatment and provides no

empirical evidence. In contrast, the Melnik-Saks paper presents empirical evidence that, in accordance with job-search theories, college seniors' reservation wages vary with the number of interviews they have had and their perceptions of the underlying market wage distribution.

Three papers in the volume deal with various dimensions of income distribution. John Isbister evaluates the impact of immigration on the distribution of income in Canada. His concern is primarily with the functional distribution of income. My preference would have been to deal more extensively with the personal distribution of income. Shlomo and Sharona Maitel discuss the relationship between income inequality and individuals' willingness to defer consumption. They contend that individuals with high subjective rates of time preference are less likely to invest in schooling and that this has important implications for both the distribution of income at a point in time and the transmission of economic inequality. The empirical evidence they marshal is at best suggestive, a comment that could also be made about the results of the paper by Wallace Oates on the role of zoning ordinances in regulating local area income distribution and government service quality. Two previously unpublished papers on bargaining theory co-authored by Yochan Comay—one with Benjamin Bental and one with Abraham Subotnik—complete the volume. Both are interesting, and one is useful in interpreting empirical data on offers and counter-offers during collective bargaining negotiations. Neither, however, is of any value for predictive purposes.

Although the papers are of uneven quality, I found them all interesting. None, however, is of sufficient importance that one will see it cited repeatedly on either graduate course reading lists or in professional journals. Thus, while I would recommend borrowing a copy from a library to read, I would not espouse buying the volume for one's personal collection.

Ronald G. Ehrenberg

Professor

New York State School of Industrial

and Labor Relations

Cornell University