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**Abstract**

[Excerpt] This is a book about “labor status”—what it is, how it works, and how it can be used in labor market analysis. The authors make a convincing case that the labor status approach is indeed a useful one to follow.

**Keywords**
labor market, labor status, India, employment

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**Comments**

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consistent with a structural model of search (for example, the reservation wage at \( t \) must depend upon all future wage offer distributions and in a particular way). In general, someone considering estimating a structural search model should be very wary of this book and might instead look at Rust's "Dynamic Structural Models: Problems and Prospects: Discrete Choice Processes" (forthcoming in Advances in Econometrics, edited by J. J. Laffont and C. Sims).

The last problem barring the use of this book as a text is the very limited and dispersed discussion of alternative data sets. The discussion of data in the conclusion partially mitigates this problem. Also, with regard to this problem, I know of no better alternative text. However, I would have found a separate chapter on data invaluable.

In addition to these substantive shortcomings, the book has two stylistic problems. First, it is somewhat uneven in technical level of presentation. For example, the discussion of a 1979 article by Jovanovic is presented at the level of a discussion for undergraduate economics majors, whereas elsewhere there are unnecessary references to submartingales. Second, the style is plodding and sometimes lacking in synthesis and analysis. The reader is often required to wait too long to see parallels and points of controversy in a topic. However, neither of these problems is fatal, especially for the reader interested in a particular chapter.

This book has some serious flaws. Even so, it may prove useful to some readers, especially those who are already aware of many of the relevant methodological issues.

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This is a book about "labor status"—what it is, how it works, and how it can be used in labor market analysis. The authors make a convincing case that the labor status approach is indeed a useful one to follow.

The best way to understand what "labor status" is is to understand what it is not. It is not employed/unemployed/out of the labor force. Nor is it employer/self-employed/unpaid family worker/wage worker. Nor is it a simple formal/informal dichotomy. "Labor status," the authors tell us, derives from three elements of the job: protection, regularity, and autonomy. These elements matter, but in different ways, in different contexts.

The context for this study is Coimbatore, a city of one million people in South India. Some readers with long memories will find the Coimbatore study much in the tradition of the classic studies of the New Haven labor market by Reynolds (The Structure of Labor Markets, 1951) and the Chicago labor market by Rees and Shultz (Workers and Wages in an Urban Labor Market, 1970).

After administering a questionnaire to some 200 households and analyzing the results, Harriss, Kannan, and Rodgers conclude that Coimbatore has ten distinct labor statuses. At the two extremes are "protected regular workers" and "unprotected irregular workers." In-between are "unprotected regular long term workers," "unprotected regular short term workers," and "independent workers." Then there are two categories of self-employed: the "self-employed with capital" and the "marginally self-employed." Finally, we have "apprentices," "family workers," and the "unemployed."

The identification of these labor status categories provides the basis for a number of findings, documented throughout the book and nicely summarized in the concluding chapter. Although the underlying statistical methodologies are quite simple, the labor market lessons emerging from them are not. Among those that captured my attention are the following.

—The Coimbatore labor market is both stratified (that is, characterized by layering of individuals) and segmented (reflecting the differential workings of labor markets in different parts of the urban economy).

—Access to the better jobs is conditioned by control over particular occupations by specific groups, by fundamental characteristics of the social structure, and by acquired attributes of workers such as education.

—Private information channels and access to employment, though important for all status groups, are especially important for those in less protected, less regular jobs.

—Although mobility rates are low overall, substantial mobility is found among those who move out of protected regular employment and into small-scale self-employment with capital.

—Labor status is the single most important
factor determining whether or not a household is poor.

—A crucial determinant of labor status is education, which affects both initial job and subsequent mobility.

These findings pose powerful challenges. One is to the International Labour Organisation itself. In the authors' words (p. 106): "Dualistic conceptions of the urban labour market such as organised-unorganised or formal-informal sectors are too simplistic, in that they ignore the complex socio-economic realities of urban production systems and labour processes." These authors thus differ from others in the ILO who see the formal-informal dichotomy as of crucial analytical significance and the upgrading of the informal sector as the essence of a successful economic development program.

Another challenge is to the community of labor market analysts. The authors write (p. 113), "A more thorough understanding of the structure of the labour market . . . is necessary, not only for analytical purposes, but also for effective labour market interventions and labour policies." They are right. We need better models that take adequate account of empirical realities and processes. At a minimum, such models must have differential labor market opportunities and statuses for comparable workers as well as a hierarchy of workers. The task before the profession is to incorporate these complexities into formal, analytically tractable, empirically based, policy-relevant models.

Not a bad research program for the 1990s.

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Human Resources, Personnel, and Organizational Behavior


In her latest book, Martha Derthick argues that the ability of national administrative agencies to carry out their responsibilities is severely constrained by their institutional context. Specifically, because the Constitution does not clearly articulate whom the agencies shall serve, each of the three branches of government (the presidency, the Congress, and the courts) claims some jurisdiction over them and charges them with responsibilities that are often at variance with the demands made by their other masters. Agencies must respond both to the policy-making presidency, which is usually pursuing expansive and expensive innovations, and the fiscal presidency, which is normally looking for ways to eliminate waste and trim operations in order to reduce budgetary costs. Like the presidency, Congress also alternates hats in its interactions with agencies, switching from being the source of new policies to the overseer of administrative performance and back again. The courts enter the act when called upon by private citizens to protect their constitutional rights. In this capacity, they may undermine and rewrite original legislative intent as they render interpretations of vaguely written statutes, the details of which have been filled in by the agencies' heads and staffs.

All of these forces may be in play at any one time, frequently at loggerheads. In the end, agencies work under stress, pulled in different directions as they seek to balance the competing objectives of their three masters. The resulting list of casualties includes individual citizens, who "may be victimized in cruel and damaging ways" (p. 7), the reputation and morale of the agencies themselves, and the public's faith in American government. The appearance of this book at this time reflects Derthick's contention that "administrative dysfunction is becoming widespread, even epidemic" (p. 215).

To support and illustrate her arguments, Derthick analyzes two case studies involving the Social Security Administration (SSA), "one of the biggest and best established American bureaucracies" (p. 4). The first case is the implementation of the Supplemental Security Income Program (SSI) following its enactment in 1972. The second is the eligibility review of recipients of Social Security disability benefits that took place in the early 1980s. Beneficiaries of both programs suffered as a result of administrative (in)actions. SSA was attacked by the public and the media and fell under the scrutiny of the courts and Congress. The latter institutions took administrative prerogative out of the hands of SSA in several important matters. When the dust had cleared, SSA's glowing reputation had been irreparably tarnished and morale within the agency was at an all-time low.

According to Derthick, SSA's problems were due less to mismanagement, poor judgment, or simple incompetence than to its institutional con-