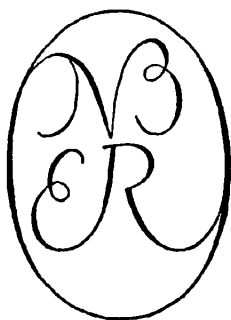


Aspects of Labor Economics

A CONFERENCE OF THE
UNIVERSITIES-NATIONAL BUREAU
COMMITTEE FOR ECONOMIC RESEARCH



A REPORT OF THE
NATIONAL BUREAU OF ECONOMIC RESEARCH, NEW YORK

PUBLISHED BY
PRINCETON UNIVERSITY PRESS, PRINCETON

1962

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L.C. Card: 62-19960

Printed in the United States of America
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ASPECTS OF LABOR ECONOMICS

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(Resolution adopted July 6, 1948, as revised November 21, 1949)

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Contents

FOREWORD	xi
H. Gregg Lewis	
THE ECONOMICS OF OCCUPATIONAL LICENSING	3
Simon Rottenberg	
METHOD AND SUBSTANCE IN THEORIZING ABOUT WORKER PROTEST	21
Abraham J. Siegel	
COMMENTS	
Elliot J. Berg, Gaston V. Rimlinger	
LABOR FORCE PARTICIPATION OF MARRIED WOMEN	63
Jacob Mincer	
COMMENT	
Clarence D. Long	
A NONUNION MARKET FOR WHITE COLLAR LABOR	107
George P. Shultz	
COMMENTS	
George H. Hildebrand, Richard A. Lester	
COMPETITION, MONOPOLY, AND THE PURSUIT OF PECUNIARY GAIN	156
Armen A. Alchian and Reuben A. Kessel	
COMMENTS	
Gary S. Becker, Martin Bronfenbrenner	
THE ECONOMICS OF AMERICAN NEGRO SLAVERY	184
Robert Evans, Jr.	
COMMENTS	
Thomas P. Govan, John E. Moes	

CONTENTS

WAGE STRUCTURE THEORY AND MEASUREMENT	257
Melvin W. Reder	
COMMENT	
Donald E. Cullen	
THE EFFECTS OF UNIONS ON INDUSTRIAL WAGE DIFFERENTIALS	319
H. Gregg Lewis	
COMMENT	
John T. Dunlop	
SUBJECT INDEX	345
AUTHOR INDEX	347

Foreword

THE eight papers in this volume, a sample of current research on problems in labor economics, were discussed at a conference sponsored by the Universities-National Bureau Committee for Economic Research. The scope of the conference was not narrowly limited to a particular problem area or set of areas within the labor field, and the subjects treated in the papers, therefore, are diverse.

Three of the papers, those by Simon Rottenberg, Armen Alchian and Reuben Kessel, and Robert Evans, deal with aspects of market organization or structure. Rottenberg's paper is an economic analysis of the objectives and forms of occupational licensing by states and municipalities and the consequences of such licensing for relative prices, wages, and employment. In a "postscript" Rottenberg applies his analysis to the case of barber licensing in Illinois.

The key postulate in the Alchian-Kessel analysis of monopoly and competition is that public policy toward monopoly in effect, if not in law, puts ceilings on the *pecuniary* income of monopoly organizations, but that competitive organizations are not similarly restrained. Thus, they argue, the price of nonpecuniary income in terms of pecuniary income will tend to be lower and the incentive to substitute nonpecuniary for pecuniary income, therefore, greater for monopolists than for their competitive counterparts. Their paper explores some of the implications of this hypothesis, especially the implication that monopoly is a factor tending to increase discrimination against minority groups of all kinds.

The subject of Evans' study is the always controversial question of the "profitability and viability" of American Negro slavery in the pre-Civil War South. The renting of slaves was fairly common in the antebellum South. Evans has assembled time series on slave rents from original documents in Southern archives. These data together with corresponding data on slave prices and death rates enable him to make new estimates of the rate of return on slave capital. Comparison of these estimates with those on alternative forms of capital indicate that the rate of return on slave capital was approximately equal to that on alternatives. His paper also examines the historical data on slave prices, rents, birth rates, population, and manumissions to see whether they displayed the characteristics of a declining (nonviable) industry.

My paper and that by Melvin Reder both deal with relative (i.e.,

FOREWORD

percentage) wage differentials among categories of the labor force. The purpose of my paper is to estimate numerically (1) the dispersion among industries of the relative wage effects of labor unions and (2) the extent to which unionism has increased the gross relative dispersion in wages among industries. The purpose of Reder's study is very different: to interpret the findings of recent research on relative differentials among both industries and occupations in the light of economic theory and, particularly, to test competitive theory against these findings.

George Shultz's paper is an investigation and appraisal of the functioning of labor markets in the U.S. as exemplified by the labor market for female clerical employees of Boston banks and insurance companies since World War II. His paper examines the varied reactions of these employers to changes in labor market conditions, the characteristics and supply responses of their employees, and the significance of market intermediaries as suppliers of information to both sides of the market.

The starting point of Jacob Mincer's study is the failure of the "standard" theory of labor supply per head—the familiar "backward-bending" supply curve—to reconcile and explain cross-section and historical data on labor force participation, especially of females. In his attempt to explain these data Mincer has come up with a new and fairly simple theory that is essentially an application of consumption theory to the problem of labor supply. In this theory the amount of work supplied by a family member to the market depends not only on *his* market wage rate (in both its permanent and its transitory aspects), but also on both the permanent and transitory income of the family, the family's asset-debt position, *his* earning power in household production, the prices of market substitutes for household goods, and family tastes. Mincer's tests of simplified versions of the theory against a variety of cross-section data and, less fully, historical data on labor force participation of married women comprise the bulk of his paper.

Abraham Siegel's paper is a study of the morphology of labor protest and, especially, of the interrelations between labor protest and industrialization. On the latter Siegel contrasts his own views with those of Marx and Thorstein Veblen.

The planning committee for the conference included Gary S. Becker, George H. Hildebrand, Stanley Lebergott, H. Gregg Lewis, and Charles A. Myers. Thanks are due to Margaret T. Edgar for her careful final editing of the manuscript, and to H. Irving Forman for preparing the charts.

Chicago, Illinois

H. GREGG LEWIS