



**Review: [Untitled]**

Reviewed Work(s):

*Labor Statistics Measurement Issues*. by John Haltiwanger; Marilyn E. Manser; Robert Topel  
John DiNardo

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This book is a must read for those interested in what political scientists are saying about the Supreme Court or in the debate within political science over different approaches to the study of law and courts.

TRACEY E. GEORGE, *University of Missouri*

*Labor Statistics Measurement Issues*. Edited by John Haltiwanger, Marilyn E. Manser, and Robert Topel. Chicago: University of Chicago Press, 1999. Pp. xii, 478. \$60.00.

*Labor Statistics Measurement Issues* is not easy to review. A self-described attempt to explore “key theoretical and practical issues in the *measurement* of employment, wages, and workplace practices,” neither is it a particularly quick read; nonetheless, the volume is a thoughtful, well-conceived, and useful collection of papers and discussion comments about a wide range of important topics from which many might benefit.

The collection begins with a helpful overview of Bureau of Labor Statistics (BLS) and other labor market data by Marilyn Manser. Manser, an assistant commissioner for employment research and program development at the BLS, also updates an interesting analysis of labor economics articles in leading economics journals by Frank Stafford (1986). She documents the continued decline of time-series analysis, the primacy of microdata research, and the continued strength of “data free” theory articles.

The papers in the volume can be roughly grouped into four types. One group of papers discusses in general terms the types of data labor economists would most like to have but do not, the limitations of existing data sources, and a discussion of what has been learned from existing data. In addition to the paper by Manser, Robert Topel discusses “Analytical Needs” in labor economics, Canice Predergast surveys the growing economics literature on compensation policies, and Lisa Lynch discusses microdata on training.

Another class of papers focuses narrowly on a specific data set, often one in common use, and analyzes the problems a typical researcher would face in trying to use the data to answer relatively “simple” questions. Despite being the least “glamorous” of the papers in the volume, I found them the most helpful.

One example is the paper by Polivka and Miller (“The CPS after the Redesign”). The Current Population Survey (the source of much of what we know about trends and levels of wages, unemployment, and so on) underwent a major redesign in January 1994. When the Bureau of Labor Statistics decided to update the CPS, it also instituted a parallel survey using the old methodology to evaluate the effects of the redesign. In addition to illustrating some of the reasons why a redesign was necessary (and why such redesigns are inevitable), Polivka and Miller use this parallel survey to produce “adjustment factors.” These are helpful for those who wish to make data before and after the redesign comparable; adjustment factors for rates of unemployment, percentage of “discouraged” workers among those out of the labor force, and so forth are presented. They conclude, quite sensibly in light of the evidence, that the “unrevised CPS was not mismeasuring individuals who were working full time in steady jobs or the vast majority of individuals looking for work.” On the other hand, they find, *inter alia*, that the unrevised CPS “underestimated the proportion of employed workers who were part-time workers [and] overestimated the proportion of individuals who were [working] part time for economic reasons [inability to find full-time work or poor business conditions, for example].”

Another paper from this group is the contribution by Abraham, Spletzer, and Stewart on “Divergent Trends in Alternative Wage Series.” A more extensive version of a shorter update and summary published later in the *American Economic Review* (Katherine Abraham, James Spletzer, and Jay Stewart, *American Economic Review*, [May 1999]: 34–39) the authors explain why three common sources of information about movements in real wages give very different pictures of the last 20 years. The sources of data used by the business community and the popular press show a very different trend than the data used by most academic researchers. Their paper highlights the (underappreciated) difficulties with our sources of information on hours worked (particularly from the Current Population Survey).

A third type of paper in the volume gives a number of well-qualified authors the opportunity to summarize and put in context a large body of their own work. Henry Farber uses Current Population Survey data from 1973 to 1993 to investigate the question “Are Lifetime Jobs Disappearing?”

Abowd and Kramarz present a nice precis of some of the more interesting findings of their larger piece in *Econometrica* (John Abowd, Francis Kramarz, and David Margolis, *Econometrica* 67, no. 2 [March 1999]). Steven Davis and John Haltiwanger provide a nice review of “everything you wanted to know” about Gross Worker and Job Flows, “but were afraid to ask.” This paper is particularly helpful for the unfamiliar who wish a nice survey of issues such as rates of “job creation” and “job destruction.” Stephen Jones and W. Craig Riddell take a more-detailed look at the issues raised in their piece in *Econometrica* on the measurement of unemployment (Stephen Jones and W. Craig Riddell, *Econometrica* 67, no. 1 [January 1999]). Most statistical agencies employ three categories to describe an individual’s relation to the labor market—employed, unemployed, and out of the labor force. In the United States, for example, adults who are not working are only categorized as unemployed if they are “actively seeking” employment. Jones and Riddell document quite persuasively that what might appear to be innocuous or straightforward distinctions about the extent of job search have empirically relevant effects on how much unemployment is measured.

The final group of papers looks at what can be learned from employer-based data or linked employee-employer data. In addition to the aforementioned paper by Abowd and Kramarz, the volume includes a paper by Kenneth Troske that describes and uses the Worker-Establishment Characteristic Database, a data set that links 1990 Census data to establishment data from the Longitudinal Research Data Base (LRD). Steven Bronars and Melissa Famulari use a unique supplement to the BLS White Collar Pay Survey, which they link to firm data from Compustat to look at the relationship between employer-provided training programs. A paper by Robert McGuckin, Sanuy Nguyen, and Arnold Reznick uses the LRD to study the “real effects” of changes in ownership in the food industry. They find, for example, that in the food industry, ownership change is generally positively correlated with growth in productivity and wages.

Also worthy of note are the discussants’ comments. In general, I found these a useful aid in understanding—often nicely summarizing the highlights of the papers as well as providing some informed criticism. In this respect as well, *Labor Statistics Measurement Issues* compares favorably to conference volumes of this sort. The quality and execution of the statistical analysis, moreover, are unusually high. Interesting in its own right, and a valuable reference, *Labor Statistics Measurement Issues* is a useful collection of work on important, albeit occasionally “unglamorous” questions.