

## Changes in the Ninth Edition

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The last edition (the Eighth) offered a thorough rewriting of the entire textbook, making it the most significant revision in quite a few years. The attempt at rewriting the text from scratch made the presentation much leaner. The reorganization also allowed me to emphasize, from the very beginning, the empirical tools that are a central part of the methodological revolution that changed labor economics in the past two decades.

The Ninth Edition continues the tradition of keeping the presentation lean. It also continues the tradition of keeping the material fresh and up to date by introducing and discussing the latest research studies where conceptual or empirical contributions have increased our understanding of the labor market.

Most important, the Ninth Edition makes use of a new pedagogical device. An increasing number of college courses in labor economics and other applied fields are introducing students to the practice of “playing with data” by having them perform simple statistical calculations using real-world data. This type of exercise not only helps teach the art and science of empirical research, but also gives students a deeper feel for the contribution and limits of empirical analysis.

It is now straightforward for students to link to easily accessible and free data archives (such as IPUMS at [ipums.org](http://ipums.org)) and almost instantaneously download microdata files that contain relevant labor market variables (including education, labor force participation, and earnings) for tens of thousands of individual observations. The student can then use standard statistical software or a spreadsheet program to “play” with the data, calculate some means, produce some cross-tabulations, and perhaps even run a few simple regressions. This type of data exploration gives the student a unique hands-on appreciation for what empirical research entails (something that is very hard to convey by looking at a graph or a table in a textbook or classroom setting). Moreover, the exercise often produces thought-provoking insights and teaches valuable lessons about real-world labor market outcomes.

The Ninth Edition introduces an optional “Data Explorer” exercise at the end of each chapter that carefully guides the student from the data-download stage to the manipulation of these data to create variables of interest for a relevant sample, to the production of graphs or tables that illustrate striking empirical patterns in the labor market. As an example, the introductory Data Explorer in Chapter 1 asks the student to download a small set of variables from the post-1964 Current Population Surveys (archived at IPUMS). It then carefully guides the student on how to manipulate the downloaded data to calculate the average wage gap between college graduates and high school graduates each year. The resulting statistical “product,” a scatter diagram that illustrates the trend in the rewards to a college education over almost six decades, is fascinating and insightful.

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The Data Explorer exercises in subsequent chapters ask the student to empirically examine such diverse topics as the link between fertility and labor supply, the identification of which types of workers would be most affected if the federal minimum wage were to rise to \$15, the wage differences among college majors, the earnings of

the children of immigrants, and the racial and gender differences in the labor market impact of the COVID-19 pandemic.

None of the Data Explorer exercises require that students be familiar with sophisticated econometric tools or possess advanced programming skills. Most of the exercises, in fact, conclude with the production of a simple figure illustrating a particular trend or an interesting correlation. They are designed to give the typical student an opportunity to learn that playing with real-world data can be an interesting and fun activity, and that it can often lead to thought-provoking, real-world empirical insights.

In addition to the introduction of the Data Explorer empirical exercises, other changes in the Ninth Edition include:

1. There are lengthy discussions of the labor market impact of the pandemic in the labor supply chapter (**Chapter 2**) and in the unemployment chapter (Chapter 12). At the time of writing in early 2022, we do not yet know the long-run impact of the pandemic (or of the initial policy response) on labor market conditions. But the dramatic changes in employment and labor force participation rates observed in Spring 2020, and the lengthy recovery that has followed as variants of the virus make their way through the population, are truly of historic magnitude and deserve discussion in any up-to-date labor economics class.
2. The Ninth Edition adds detailed discussions of some of the latest research in labor economics that revisits old questions using new data sets (and produces new insights along the way). For example, Chapter 3 examines the impact of a sizable minimum wage increase that affects all workers in Denmark the day they turn 18 years old, and documents the dramatic employment impact of this change on the employment of teenagers. Chapter 5 shows how the changed work environment following the imposition of smoking bans in restaurants, bars, and clubs in Germany affected the compensating wage differential needed to recruit waiters to work in those establishments. Chapter 10 takes a new look at the question of how unions affect wage inequality by using data that links trends in union membership in the United States over a 100-year period to long-term changes in the wage distribution.
3. Several new “Theory at Work” boxed discussions highlight interesting results from recent studies. They include: how winning a lottery that allocates summer jobs to New York City teenagers affects their long-term employment prospects (as well as their incarceration and mortality rates); the consequences of monopsony power in the labor market for foreign-born workers in the United Arab Emirates; the type of selection that characterizes the postgraduation international mobility of university graduates in Germany; how a socialist education in the former German Democratic Republic affected labor market outcomes in a reunited Germany where such education may have been detrimental; and the growing importance of “social skills” in wage determination (such as the ability to work in a job environment where social interactions are important).
4. The book has undergone Diversity, Equity, and Inclusion reviews to implement content around topics including generalizations and stereotypes, gender, abilities/disabilities, race/ethnicity, sexual orientation, diversity of names, and age.