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Labor Economics Mincer-Style: A Personal Reflection*

SOLOMON W. POLACHEK polachek@binghamton.edu
Department of Economics, State University of New York at Binghamton, Binghamton, 13902-6000, USA; Tel. (607) 777-6866

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Abstract. Between 1957 and 1974 Jacob Mincer pioneered important new approaches to labor economics. In the years since these seminal discoveries, he, as well as generations of his students and colleagues at Columbia University and elsewhere, adopted these innovations to reach important conclusions about human well-being. In 1967 I was lucky enough to arrive as a graduate student at Columbia University, just at the peak of this research revolution. In this paper, I detail some of my recollections concerning Jacob Mincer and the hospitable research atmosphere at Columbia University that sparked so much of this path-breaking research.

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In the Spring of 1967 when I first contemplated graduate school, I visited Columbia University just the day Reuben Gronau presented his Ph.D. dissertation research. His topic entailed a time-allocation model to estimate SST travel demand based on saving hours from faster speed. The Economics Department was in Fayerweather Hall, but the seminar took place a half dozen blocks away in a dingy drab second floor room of an old building on 114th Street. Gronau was seated at the head. Gary Becker and Jacob Mincer, the seminar leaders, were perpendicular to him on each side. Becker and Mincer were both brilliant, but both different; and the differences were stark.

*This constitutes the first section of the paper "Mincer's Overtaking Point and the Lifescycle Earnings Distribution" I presented at the Columbia University Conference Honoring Jacob Mincer's 80th Birthday, July 2002. I feel honored to be one of Mincer's students. This paper acknowledges the intellectual debt I owe him for the superb training I received and for the continued interactions and collaborations since. I thank my fellow graduate students at Columbia University (many of whose names are mentioned herein) for helping create a stimulating yet fun intellectual environment during difficult political times. Finally, I thank Shoshana Grossbard-Shechtman for encouraging me to split my original paper so this perspective could appear as an independent article. I thank the Industrial Relations Section at Princeton University for providing a conducive environment to revise this paper during my sabbatical there.

Becker was outgoing, asking lots of questions and continually calling on students. By comparison, Mincer seemed taciturn, relatively reserved, and introspective, questioning Gronau only sparingly and picking on students infrequently. I believe also at the seminar were Linda Edwards, Isaac Ehrlich, Victor Fuchs, Gil Ghez, Mike Grossman, Gioria Hanoch, Masanori Hashimoto, Marjorie Honig, John Claude Koeune, Arleen Leibowitz, Bob Michael, Dave O'Neill, June O'Neill, Beth Niemi (now deceased), John Owen, Mike (Carl) Rahm, and possibly Finis Welch. I realized those present were the world's best, brightest, and most talented young labor economists, whose brand of labor economics differed from the simple institutional approach I had seen and dismissed as an undergraduate. Obviously exciting major changes were occurring in labor economics and they were happening at Columbia University. Columbia was a place where labor economists ate, breathed, and dreamt economics. That's all they talked about; it was total emersion. By the time the seminar finished I was convinced that I wanted to be a part of that group. I knew Columbia was for me, so I enrolled; and I am glad I did.

Indeed, over the next year or two it got even better. Barry Chiswick and Bill Landes returned, with Bill bringing his wife Lisa. Jim Heckman arrived with immense curiosity and boundless energy. Soon Anne Bartel, Andrea Beller, George Borjas, Cynthia Brown Lloyd, Masatoshi Kuratani, Margaret Ludlum, Haim Ofek, Jacob Paroush, Cordelia Reimers, Mark Rosenzweig, Sue Ross (who unfortunately passed away just weeks before the conference), Fredericka Pickford Santos, Carmel Ulman (later to become Carmel Ullman Chiswick), Harriet Zellner, among others, joined the labor seminar. Columbia had the very best—all in one place. I could see that Becker's and Mincer's advocacy for using the price theoretic approach as a tool to understand many social problems attracted the best of Columbia's students to labor economics. Anyone that was anyone in labor was at Columbia during the 1960s and early 1970s. I was lucky to arrive just at the peak.

Mincer was a perfectionist, both in his own work and in guiding others. He professed solid theory with an eye toward rigorous empirics. As I will mention later, Mincer's notion of rigorous empirical research was not necessarily sophisticated multi-equation, nonlinear maximum likelihood estimation, but instead to apply a sound specification to a number of data sets to assess what you might call robustness, Mincer style. He was reluctant to let a student finish until he was convinced no stone was left unturned to verify a thesis' assertions.

Students, on the other hand, had another idea of rigor. They would introduce Mincer to their spouse and kids, somehow to convince him they needed a job to support their family. This they hoped would gain his approval for a dissertation defense, so finally they could get on with their life. Perhaps then, he would consent that yet an additional regression with still another data set might not really be necessary for the degree, "even though surely, it would be mandatory for publication." Even the paper Jacob and I did together did not satisfy him until he completely redid the entire draft and reran the entire set of regressions stratified by three different educational groups. For the extra work, I owe deep gratitude to George Borjas, who served as the final research assistant for this latter stage of analysis.

But Mincer was a perfectionist, especially in his own work. When I first got to Columbia I took the typical core courses: Jacob's statistics course, Gary Becker's micro-theory course, Albert Hart's macroeconomics course, and Philip Cagan's monetary theory course. During that first year, I attended a faculty student reception and asked Professor Mincer about labor economics. He said, "It's simple. There are supply and demand." Well, I took his labor course. The first semester we studied labor supply, and the second we studied how employees supply the market with human capital; but we never did get to labor demand. Finally, at Jacob's Columbia University retirement party in May 1990, I got the courage to ask him about labor demand. He said "Wait, there's still time." Well I am happy to say that in Jacob's 1997 paper on changes in wage inequality (Mincer, 1997), he finally deals with how technology affects the demand for human capital. All I can say is that Jacob is such a perfectionist that it took him over 30 years to get supply in good-enough shape to ultimately pursue demand.

Indeed Jacob Mincer was a perfectionist like no other. As I mentioned, his brand of perfection was to devise a theory. (It had to be rigorous, yet parsimonious, since Mincer was an ardent believer of Occam's razor.[1]) Then, Mincer meticulously tested his theory empirically. Unlike a number of today's economists, he thought you really did not have a viable theory unless you could see its implications *strongly* from *OLS* estimation. Thus he did not use fancy nonlinear maximum likelihood estimation of the type that made Heckman famous, but instead he tested and re-tested his theory in as many ways as possible. Take *School, Experience and Earnings* as an example. Not only did he derive an earnings function and fit it with data using a multitude of specifications (e.g., linear and exponential decay functions), but also he looked at the theory's further implications regarding earnings distribution. For this reason, every theory Mincer developed is *robust*. Indeed probably the most frequently estimated equations in the history of economics are the "Mincer earnings equation" and the "Mincer female labor supply function." Both form the basis of all wage and employment studies.

To me, one of Mincer's most illuminating articles was his "Market Prices, Opportunity Costs, and Income Effects." The paper dealt with five topics (transportation costs, labor supply, the demand for domestic servants, fertility, and search). Not only did each become a major field of labor economics research; but also when viewed more generally, the paper could be construed as the impetus for much of the empirical labor economics literature. This is especially true regarding all serious research on gender. As such, it would not be unreasonable to consider Mincer a founding father of modern labor economics *and* a founding father of gender economics. As father of modern labor economics, Mincer concentrated primarily on two major areas: labor supply and human capital. But within these major branches of labor economics he also wrote about education, on-the-job training (which he sometimes called post-school investment), wage floors, labor turnover, economic development, technology, unemployment, and even the accuracy of economic forecasting models. His important work on human capital and labor supply is put together in a two-volume set, *Studies in Human Capital: Collected*

Essays of Jacob Mincer Volume I and *Studies in Labor Supply: Collected Essays of Jacob Mincer, Volume II* (Cambridge: Edward Elgar), 1993. But since then, he wrote additional articles, two of which are published in *Research in Labor Economics*.

Note

1. Occam's (Ockham's) razor is the principle that a model's uncontested propositions should be minimal. William of Ockham first formulated this principle in the fourteenth century. Ockham had several forms for the principle. The most common is: *Pluralitas non est ponenda sine necessitate*. See Philotheus Boehner (1958), p. 155.

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