4-1-2004

Employment Research, Vol. 11, No. 2, April 2004

Follow this and additional works at: https://research.upjohn.org/empl_research

Citation

W.E. Upjohn Institute. 2004. Employment Research 11(2). [https://doi.org/10.17848/1075-8445.11\(2\)](https://doi.org/10.17848/1075-8445.11(2))

This title is brought to you by the Upjohn Institute. For more information, please contact repository@upjohn.org.

UPJOHN INSTITUTE

Employment Research

APRIL 2004

*Erickcek and McKinney on
Thinking about the Future of
Small Metropolitan Areas*

◆
*Davidson and Matusz on
Globalization, Adjustment,
and Compensation*

◆
Mini-Grant Funded Research

◆
Books on Work/Family Issues

Vol. 11, No. 2

Employment Research is published quarterly by the W.E. Upjohn Institute for Employment Research. Issues appear in January, April, July, and October.

The Institute is a nonprofit research organization devoted to finding and promoting solutions to employment-related problems at the national, state, and local level. The Institute is an activity of the W.E. Upjohn Unemployment Trustee Corporation, which was established in 1932 to administer a fund set aside by the late Dr. W.E. Upjohn, founder of the Upjohn Company, to conduct research on the causes and effects of unemployment and seek measures for the alleviation of the hardships suffered by the unemployed.

W.E. Upjohn Institute
300 S. Westnedge Avenue
Kalamazoo, MI 49007-4686
(269) 343-5541
www.upjohninstitute.org

Randall W. Eberts
Executive Director

George A. Erickcek and Hannah McKinney

Thinking about the Future of Small Metropolitan Areas

In today's dynamic global economy, the economic importance of smaller metropolitan areas in the United States may be declining. Many of these areas have lost their major corporate stakeholders through mergers and acquisitions and have been downgraded to "branch site" locations. Moreover, few offer the thick labor markets and social/cultural environment sought by professional workers. The public policy initiatives available to these metropolitan areas often are very limited due to budget and legal constraints.

We are worried about the future of these areas and have been working to gain a better understanding of how they grow by identifying local public policies that facilitate and nurture economic growth. This article describes our current approach and initial findings.

In brief, our aim is to identify small metropolitan statistical areas (MSAs)—which the U.S. Census defines as those that housed fewer than one million residents in 1990—that experienced better than expected growth during the 1990s. After these "winning" MSAs are identified, we hope to find the salient public policies that significantly contributed to their success.

Identifying the Better-Than-Expected Performers

To identify MSAs that have enjoyed better-than-expected growth, it is necessary to construct a predictive model that estimates the expected growth of MSAs given their economic, social, and physical/geographic attributes. The explanatory variables we used in our predictive model of the growth in personal income during the 1990s for the 261 small MSAs can be categorized into the following four groups:

- 1) Structural. These variables controlled for the MSA's industrial mix relative to the nation's, and the economic health of its entrepreneur/small business base at the start of the 1990s.
- 2) Human capital. These variables controlled for the educational levels of the area's adults at the start of the decade.
- 3) Quality of life. These included control variables for the area's regional location, climate factor, and crime levels.
- 4) Historical trends. These variables controlled for the area's economic performance in the previous decade.

A full description of the regression model and its results are available in our forthcoming Upjohn Institute Working Paper, "Small Cities Blues: Looking for

Growth Factors in Small and Medium-Sized Cities."

Results

The model explained 72 percent of the variation of the dependent variable, personal income growth, as measured by the standard adjusted R-square statistic. Using this model to generate the predicted growth of all the 261 MSAs, we then ranked in order the areas according to the difference between their actual and the model-predicted growth during the 1990s. The resulting top 10 metropolitan areas are shown in Table 1. Many of the listed metropolitan areas are well known and have made their way to the top of major "Best Cities" polls and indexes published annually. Others, such as Sioux Falls, South Dakota; Laredo, Texas; and Fayetteville, North Carolina; are seldom seen in the winner's circle.

Conversely, it is instructive to examine the metropolitan areas that experienced lower-than-expected growth as well. The 5 metropolitan areas that were the least successful in meeting the model's growth expectations were Melbourne, Florida; Auburn, Alabama; Merced, California; Fort Myers, Florida; and El Paso, Texas.

Of course, this analysis is subject to the criticism that its results are only as good as the accuracy of the model. It is possible that the model's results are due to missing or misspecified variables. Still,

we believe that the model's results point us in the right direction.

Cluster Analysis

The next step in our exploratory research was to conduct a cluster analysis of the metropolitan areas, which sorts the areas into homogenous groups based on their fiscal, social, and demographic characteristics. The variables used in the analysis fall into four general categories: 1) education policies, 2) quality of life, 3) governmental actions, and 4) change in economic conditions. This statistical analysis grouped the 261 metro areas into the eight clusters listed and briefly described below.

1) High sprawl, low growth (49 MSAs). The strongest shared characteristic of this group was that they have highly fragmented local governments.

2) Growth and prosperity (55 MSAs). These MSAs share high growth and low poverty.

3) Low-living-costs hometowns (57 MSAs). These areas share low population growth, low living costs, and low export activity.

4) Forgotten and distressed (45 MSAs). The primary characteristic of these MSAs was a loss of public funding. In addition, they suffered from high poverty and ranked very low in terms of

the percentage of their residents who completed college.

5) College places leaving graduates (12 MSAs). These MSAs attract young adults to their colleges but seemingly cannot retain them after they have graduated.

6) Creative-class college towns (26 MSAs). These areas also attract young adults due to their colleges and universities but apparently are able to keep them longer after graduation.

7) Traditional employment centers (13 MSAs). The unique feature of these MSAs is that they have no unique features.

8) Pulled by exogenous change (4 MSAs). These MSAs are outliers that were seemingly impacted by an exogenous change in their economy.

Combining the results of the two models, we found that the MSAs performing better than expected were overrepresented in the "Growth and prosperity" and, surprisingly, in the "Traditional employment center" clusters. They were underrepresented in the "High sprawl, low growth" and the "Low-cost hometown" clusters.

Next Steps

We consider our research to be still in the exploratory stage of development. It is clear that more detailed case studies of the better performing metropolitan areas are warranted. We now have a better sense of where to look for possible effective local economic development policies, but we have not reached the stage of our project that allows us to identify them.

George A. Erickcek is senior regional analyst at the Upjohn Institute, and Hannah McKinney is an associate professor of economics and business at Kalamazoo College. This article is based on an Upjohn Institute Staff Working Paper by Erickcek and McKinney, entitled "Small Cities Blues: Looking for Growth Factors in Small and Medium-Sized Cities." To read the working paper in full, please go to <http://www.upjohninstitute.org/publications/wp/index.htm>.

Table 1 The Top 10 Small MSAs Achieving Higher-Than-Expected Growth in the 1990s (percent change in personal income, 1990–2000)

Metro area	Actual growth (%)	Predicted growth (%)	Difference (percentage point)
Laredo, TX	140.2	102.0	38.2
Fayetteville, AR	111.7	75.9	35.7
Naples, FL	147.4	114.8	32.6
Boise City, ID	128.9	100.7	28.1
Austin, TX	166.7	140.2	26.5
Santa Fe, NM	98.8	74.6	24.1
Las Vegas, NV	176.7	153.2	23.4
Sioux Falls, SD	105.8	82.6	23.2
Raleigh, NC	112.6	89.5	23.1
Fayetteville, NC	75.3	52.5	22.8

Carl Davidson and Steven J. Matusz

Globalization, Adjustment, and Compensation

NOTE: This article highlights some of the research findings that appear in the authors' new book, International Trade and Labor Markets, which was published by the Upjohn Institute.

While academicians generally argue that reducing trade barriers enhances aggregate welfare, legislation aimed at liberalizing trade often meets fierce opposition in public and political arenas. Counted among the opposition are groups concerned about the losses suffered by workers whose jobs disappear under the weight of import competition. Even academic economists, who tend to rail against protectionist sentiment, readily admit that freer trade does harm some groups, including those who become displaced.

Indeed, a burgeoning literature attempting to measure the losses to dislocated workers has produced some disquieting findings. For example, Jacobson, LaLonde, and Sullivan (1993) estimate that the average dislocated worker suffers a loss in expected lifetime income of \$80,000. Kletzer (2001) finds similar but less-dramatic results. In her study, the average dislocated worker takes a 12 percent pay cut, while the median worker sees her wage fall by 5 percent. Troubled by such large personal losses, some academic economists have joined the growing movement in the policy community in calling for direct compensation of workers dislocated by trade liberalization.¹

For more than half a century the benefits of freer trade have been understood in the context of the

Samuelson compensation principle: the winners gain enough from liberalization to allow them to fully compensate the losers without exhausting all of their gains.² Thus, one way of viewing those who have been pushing for "wage insurance" for dislocated workers is that they are just taking this argument to its logical conclusion—if we can afford to compensate these workers, we should.³ After all, if we choose to liberalize trade, we must realize that we are choosing to harm some groups. One might argue that equity requires coupling policies aimed at liberalizing trade with policies aimed at compensating displaced workers.

Not everyone would find an equity-based argument for compensation

"One might argue that equity requires coupling policies aimed at liberalizing trade with policies aimed at compensating displaced workers . . . even in the absence of equity considerations, practical political considerations suggest coupling liberalization with compensation."

compelling. Some might point out that the dislocated workers were receiving economic rents when trade barriers protected their jobs, calling into question policies that would provide these workers with even more compensation by subsidizing them when they switch sectors. Even in the absence of equity considerations, practical political

considerations suggest coupling liberalization with compensation. Since those opposed to freer trade often fight against liberalization, an offer to compensate displaced workers for their losses might convince some groups to change their position and offer support instead, making freer trade easier to achieve.

The academic literature is surprisingly silent regarding the design of optimal policies aimed at compensating displaced workers. Indeed, there is only a modest amount of literature devoted to any issue related to compensating those harmed by

"The academic literature is surprisingly silent regarding the design of optimal policies aimed at compensating displaced workers."

liberalization.⁴ One reason is that the vast majority of all of the academic research connecting worker welfare and globalization begins from a premise of frictionless factor markets, where all adjustments that might be motivated by liberalization occur instantly. These models focus on the long run and leave no room to address many of the concerns outlined above.

In our monograph, *International Trade and Labor Markets: Theory, Evidence, and Policy Implications* (Davidson and Matusz 2004), we first show that traditional trade analysis can rather easily be extended to allow for equilibrium unemployment, job displacement, and gradual adjustment, and that doing so provides many new insights. We then use our extended model to tackle difficult issues such as the one raised above: if society desires to compensate those who are harmed by liberalization, what is the best way to go about it?

The general-equilibrium model that we use to address the issue of optimal compensation has several important components that are missing from standard trade models. In our model, workers must first train to acquire skills and then search for employment in either

a “high-tech sector,” where significant skills and training are required and wages are high, or a “low-tech sector,” in which training is quick and cheap, far fewer skills are required, and pay is low. We assume that workers vary in ability, and we show that equilibrium results in all workers with ability above a critical level being drawn to the high-tech sector with all other workers in low-tech jobs.

To study the issue of adjustment and compensation, we assume that the low-tech sector is initially protected by a small tariff and then show that liberalization harms two groups: those low-tech

“... if society desires to compensate those who are harmed by liberalization, what is the best way to go about it?”

workers who choose to shift to the high-tech sector (the movers), and those workers who remain trapped in the (previously protected) low-tech sector because they do not have enough skills to make the acquisition of high-tech jobs attractive (the stayers). The movers, who are the displaced workers in our setting, lose for two reasons. First, although some wind up with better-paying jobs after relocating, others take a pay cut when they find reemployment in the high-tech sector. Second, these workers bear all of the adjustment costs imposed on the economy by liberalization—they must first retrain and then search for new jobs, both of which are costly processes.

We then turn to the issue of compensation by searching for the policy that fully compensates each group for their losses while imposing the smallest deadweight loss on the economy.⁵ One of the advantages of our model is that it is rich enough to allow us to compare all of the compensation programs that have been at the center of the policy debate: wage subsidies, employment subsidies, training subsidies, and unemployment insurance (which is basically what trade adjustment assistance has been in the United States).

We find that there are two rules that an optimal compensation program should satisfy. First, a program should have a large impact on the welfare of the *average* worker in the targeted group. If that is the case, then full compensation can be achieved with only a modest-sized program. Second, if we define the *marginal* worker to be the worker who is just indifferent between high- and low-tech jobs under free trade, then an optimal program should have only a small impact on this worker’s welfare. The reason for this is that any compensation scheme distorts incentives and results in some workers making inefficient labor market decisions. If the marginal worker’s welfare is largely insensitive to the policy measure, then full compensation can be achieved while generating only a small amount of labor misallocation.

Applying these two rules, we find that it is optimal to use a wage subsidy to compensate movers, whereas an employment subsidy (a subsidy to employed workers which is independent of the wage) works best to compensate the stayers. The main reason for the difference in the policy prescription has to do with the composition of the workforce in the two sectors: the high-tech sector is populated with high-ability workers,

“One of the advantages of our model is that it is rich enough to allow us to compare all of the compensation programs that have been at the center of the policy debate: wage subsidies, employment subsidies, training subsidies, and unemployment insurance . . .”

whereas the low-tech sector attracts largely low-ability workers. As a result, the average high-tech worker has *higher* ability than the marginal worker, whereas the average low-tech worker has an ability level *below* that of the marginal worker. With a wage subsidy, the size of the transfer received by a worker is

increasing in the wage, which is increasing in ability. Thus, workers with high ability value wage subsidies more highly than their lower-ability counterpart. This makes the wage subsidy an attractive tool to use when compensating the movers—the average mover will value the program much more than the marginal worker—thus, a

“By formally modeling the training and search processes that are at the core of the adjustment process, our monograph is one of the first rigorous treatments of the type of policy concerns that arise when we take into account adjustment costs.”

modest-sized program can be used, generating only a small amount of inefficient labor reallocation. In contrast, the wage subsidy will lead to too much labor reallocation if used to compensate the stayers. This is due to the fact that the marginal worker will value the wage subsidy considerably more than the average stayer (since the average stayer has lower ability than the marginal worker).

As there are no distortions in our model (other than the initial tariff), we know that the gains from trade are large enough to fully compensate those harmed by liberalization, but theory alone does not tell us if the costs of the compensation are large or small relative to the gains from trade. To get a handle on the relative magnitude of the costs of compensation, we close our monograph by calibrating the model using parameter estimates based on U.S. labor market data. We find that the overall cost to society is likely to be modest, (in terms of deadweight loss) provided the right policy is used. However, attempting to compensate the losers might completely wipe out the gains from freer trade if the wrong policy is used.

The continuing rapid pace of global integration brings with it a continuing flow of displaced workers. It is incumbent upon policy analysts to carefully consider the distribution and magnitude of adjustment costs that stem from global shocks, and to think deeply about the optimal design of policies targeted at reducing those costs. By formally modeling the training and search processes that are at the core of the adjustment process, our monograph is one of the first rigorous treatments of the type of policy concerns that arise when we take into account adjustment costs. Our hope is that our work demonstrates that such issues can be tackled in tractable settings, and that this will trigger other academics to start taking these issues more seriously.

Notes

1. See, for example, Jacobson, LaLonde, and Sullivan (1993); Parsons (2000); and Kletzer (2001).

2. This argument ignores the fact that such compensation is rarely offered.

3. See, for example, Baily, Burtless, and Litan (1993); Jacobson, LaLonde, and Sullivan (1993); Burtless et al. (1998); Parsons (2000); Kletzer (2001); Kletzer and Litan (2001); and Hufbauer and Goodrich (2001).

4. There are a small number of papers that are relevant. First, there are those that ask whether the losers could be compensated by the winners without eating away all the gains from freer trade. Using a traditional full employment model of trade, Dixit and Norman (1980, 1986) have shown that there does indeed exist a commodity tax scheme that can achieve this objective—thus, liberalization can lead to a true Pareto gain. However, Brecher and Choudhri (1994) and Feenstra and Lewis (1994) have raised concerns about whether this scheme will work when unemployment is present or factors of production are not perfectly mobile.

Second, a paper by Brander and Spencer (1994) focuses on the optimal design of a wage subsidy program aimed at compensating dislocated workers for their losses. In a simple partial equilibrium model in which the distribution of wages is held fixed, they compare wage subsidies programs in which the subsidy is tied to the gap between the pre-liberalization wage and the postliberalization wage earned by displaced workers. Their goal is to determine whether the subsidy should be an increasing or decreasing function of this gap. Their analysis finds support for the Lawrence and Litan (1986) position that the wage subsidy should be “tapered”—that is, they show that the optimal subsidy is decreasing in the wage gap.

5. As noted above, society may wish to offer such compensation due to equity concerns or simply to make it easier to enact liberalizing legislation.

Both Carl Davidson and Steven Matusz are professors of economics at Michigan State University, and external research fellows with the Leverhulme Centre for Research on Globalization and Economic Policy at the University of Nottingham.

References

- Baily, Martin Neil, Gary Burtless, and Robert Litan. 1993. *Growth with Equity*. Washington, DC: Brookings Institution.
- Brander, James, and Barbara Spencer. 1994. “Trade Adjustment Assistance: Welfare and Incentive Effects of Payments to Displaced Workers.” *Journal of International Economics* 30(3/4): 239–261.
- Brecher, Richard, and Ehsan Choudhri. 1994. “Pareto Gains from Trade, Reconsidered: Compensating for Jobs Lost.” *Journal of International Economics* 36(3/4): 223–238.
- Burtless, Gary, Robert Lawrence, Robert Litan, and Robert Shapiro. 1998. *Globophobia: Confronting Fears about Open Trade*. Washington, DC: Brookings Institution.
- Davidson, Carl, and Steven J. Matusz. 2004. *International Trade and Labor Markets: Theory, Evidence, and Policy Implications*. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.
- Dixit, Avinash, and Victor Norman. 1980. *Theory of International Trade*. Cambridge: Cambridge University Press.
- . 1986. “Gains from Trade without Lump-Sum Compensation.” *Journal of International Economics* 21(1/2): 111–122.
- Feenstra, Robert, and Tracey Lewis. 1994. “Trade Adjustment Assistance and Pareto Gains from Trade.” *Journal of International Economics* 36(3/4): 201–222.
- Hufbauer, Gary, and Ben Goodrich. 2001. “Steel: Big Problems, Better Solutions.” Policy Brief No. 01-9. Washington, DC: Institute for International Economics.
- Jacobson, Louis, Robert LaLonde, and Daniel Sullivan. 1993. “Earnings Losses of Displaced Workers.” *American Economic Review* 83(4): 685–709.
- Kletzer, Lori. 2001. *What are the Costs of Job Loss from Import-Competing*

Industries? Washington, DC: Institute for International Economics.

Kletzer, Lori, and Robert Litan. 2001. “A Prescription to Relieve Worker Anxiety.” Policy Brief No. 73. Washington, DC: Brookings Institution.

Lawrence, Robert, and Robert Litan. 1986. *Saving Free Trade: A Pragmatic Approach*. Washington, DC: Brookings Institution.

Parsons, Donald. 2000. “Wage Insurance: A Policy Review.” *Research in Employment Policy* 2: 119–140.

For information on how to order this book, see p. 8 or visit <http://www.upjohninstitute.org/publications/books.html>.

Two additional books about the impact of international trade on jobs in the United States are also available from the Institute: *Imports, Exports, and Jobs: What Does Trade Mean for Employment and Job Loss?* by Lori G. Kletzer, and *Job Creation, Job Destruction, and International Competition*, by Michael W. Klein, Scott Schuh, and Robert K. Triest.

Mini-Grant Funded Research

The Upjohn Institute provides small levels of funding, titled Mini-Grants, intended to facilitate the research and publications of less experienced faculty. We will occasionally use Employment Research to feature work that has been partially supported by an Upjohn Institute mini-grant.

The Effect of Educational Vouchers on Academic and Nonacademic Outcomes

Eric P. Bettinger

Robert L. Slonim

Case Western Reserve University

School vouchers are one of the most hotly contested policies for improving the educational opportunities of disadvantaged students. Academic literature on the effect of vouchers has focused primarily on student test scores. Although test scores are a valuable outcome, parents and school administrators understand that some of the most desirable effects of education are on behaviors not captured by these tests, such as generosity, patience, and self-confidence. This research provides new data and evidence on the effects of educational vouchers on both test scores and these other nonacademic behaviors.

Our research uses data from The Children's Scholarship Fund of Toledo (CSFT), a privately run voucher program in Ohio. In 1998, nearly 2,500 families, all of whom qualified for free/reduced lunch, applied for these vouchers. The Children's Scholarship Fund of Toledo awarded more than 1,000 scholarships by lottery. Because CSFT randomly chose the scholarship winners, we can use unsuccessful applicants as a comparison/control group for the scholarship winners. Having a comparison group allows us to avoid the problem that voucher users may differ from other students in unobservable ways.

Our preliminary results show that winners' test scores are about 10 percent higher than unsuccessful applicants, that voucher winners are about twice as likely to attend private school after receiving the voucher, and that parents of voucher

winners are much more likely to be involved in their children's educations.

To measure the nonacademic behaviors of patience, generosity, and self-confidence, we use behavioral experiments with real financial consequences. In each experiment, students were given initial endowments of toy store gift certificates. We then allowed students to make decisions with real consequences. In a separate room, we simultaneously conducted identical experiments with the students' parents but offered cash instead of gift certificates. Within these experiments, we find that voucher winners are less confident and give larger amounts to charities. In our preliminary results, we also find only a small correlation between the children's and their parents' decisions.

An Empirical Analysis of Bargaining with Voluntary Transmission of Private Information

Paul Pecorino

University of Alabama

Mark Van Boening

University of Mississippi

Asymmetric information is a leading explanation of bargaining failures that result in costly disputes. These disputes include strikes and expensive trials or arbitration proceedings. In the context of civil litigation, Shavell (1989) has shown that the informed party to a dispute has an incentive to voluntarily reveal her private information if she has a strong case. When information can be revealed credibly and costlessly, Shavell finds that all disputes settle prior to trial. We empirically test Shavell's result with an experimental bargaining game. When we allow for costless and credible transmission of private information, we find that 80 percent of plaintiffs with strong cases reveal their information and that there is a significant reduction in the dispute rate. We also consider a "cheap talk" treatment in which transmitted information is not credible. In this treatment, we find (contrary to theory) that transmitted information is not totally ignored, but (consistent with theory) there is no drop in the dispute rate for any group of plaintiffs.

Our experimental design consists of a two-type version of the Shavell model. Plaintiffs have either a strong case or a weak case, where the dispute resolution mechanism can be thought of either as a civil trial or as a simple form of conventional arbitration in which offers do not affect the arbitration outcome. We choose parameter values such that in the absence of information transmission, theory predicts that weak plaintiffs settle and strong plaintiffs proceed to trial. Our results in this baseline experiment generally conform to the theory.

When information transmission is possible, theory predicts that plaintiffs with strong cases will voluntarily reveal their private information, and as a result their cases will eventually settle. In our experiment, almost 80 percent of these plaintiffs reveal their private information. For all plaintiffs with strong cases, the dispute rate falls from 87 percent under the baseline to 48 percent in the treatment. For those plaintiffs with strong cases who reveal their private information, the dispute rate drops to 35 percent. Another important prediction of the theory is that silence is interpreted as having a weak case, and this is clearly supported by our data. Our experimental results give a fairly strong confirmation of Shavell's most important results, though some anomalies do emerge in the data.

Shavell's result is significant because it suggests which type of informational asymmetries would or would not be responsible for bargaining failure. In principle, evidence that can be credibly established to a court could also be credibly established prior to trial, though sanctions for perjury at trial may make it somewhat easier to do so in the courtroom. On the other hand, information on tastes (such as risk preferences) can be difficult to transmit prior to trial. Thus, asymmetric information on preferences is likely to persist even when opportunities for voluntary transmission of information exist.

Reference

- Shavell, Steven. 1989. "Sharing of Information Prior to Settlement or Litigation." *Rand Journal of Economics* 20(2): 183-195.

Books on Work/Family Issues

By a Thread

How Child Care Centers Hold On to Teachers, How Teachers Build Lasting Careers

Marcy Whitebook and Laura Sakai

The authors examine how child care programs and their staff subsist in a field characterized by low pay, low

status, and high turnover, and what the impacts of these factors are on the quality of child care provided. Their study is based on an in-depth survey of 75 mid-size, relatively

high-quality child care centers located in an economically thriving region.

Part I of the book focuses on staff departures and center quality. It relates the types and magnitude of turnover occurring among teachers at child care centers to the level of quality provided there. Part II relies on in-depth, quantitative evidence to examine the experience of child care employment.

Whitebook and Sakai point out interesting relationships between the characteristics of the child care workforce and those who have chosen to leave, stay, or join on. They then discuss work and family decisions that impact child care workers' career decisions, including the rewards listed by workers as reasons they remain employed in child care. The authors conclude with three policy recommendations that echo the suggestions made to them by the teaching staff and directors interviewed in their survey.

145 pp. \$40 cloth ISBN 0-88099-301-4 / \$16 paper ISBN 0-88099-300-6. 2004.

Kids at Work

The Value of Employer-Sponsored On-Site Child Care Centers

Rachel Connelly, Deborah S. DeGraff, and Rachel A. Willis

Due to a variety of social and economic factors (e.g., welfare reform and the EITC), a growing number of women found it necessary to enter the labor force during the last 25

years. This includes a dramatic increase in the labor force participation rate of mothers with young children. Experts see this trend continuing, so the question becomes, "Who takes care of the children when a work/family conflict arises?"

Faced with a tight labor market of the 1990s, a small but growing number of employers began offering on-site employer-sponsored child care (ESCC) as a way to attract enough workers to meet their staffing needs.

Connelly, DeGraff, and Willis examine the trends in the growth of such child care programs, then employ a case study approach to seek answers to a number of pertinent questions, including 1) Why do some firms offer ESCC while most firms do not? 2) What is the value to firms offering ESCC? 3) What is the value to employees of working for a firm offering on-site child care?

180 pp. \$40 cloth ISBN 0-88099-305-7 / \$17 paper ISBN 0-88099-304-9 / 2004.

The Economics of Work and Family

Jean Kimmel and Emily P. Hoffman, Editors

Kimmel and Hoffman present a set of topical, nontechnical papers authored by nationally known experts in this field. Using an economic perspective, they confront work/family issues including child care (potentially

the biggest obstacle to parents successfully integrating work and family priorities), how parents balance time between work and family obligations, links

between women's childbearing and their economic outcomes, the success of the Family and Medical Leave Act (FMLA), and the relationship between family structure and labor market outcomes. They also argue for specific policies designed to alleviate the stresses related to these issues.

Included are

- Federal Child Care Policy, *David M. Blau*
- Thinking about Child Care Policy, *Barbara Bergmann*
- Parents' Work Time and the Family, *Cordelia W. Reimers*
- Fertility, Public Policy, and Mothers in the Labor Force, *Susan L. Averett*
- How Family Structure Affects Labor Market Outcomes, *Joyce P. Jacobsen*
- Working for All Families? Family Leave Policies in the United States, *Katherin Ross Phillips*.

191 pp. \$40 cloth ISBN 0-88099-246-8 / \$15 paper ISBN 0-88099-245-X / 2002.

ORDER FORM

Book/Author	Qty Cloth	Qty Paper	Total Price
By a Thread			
Whitebook and Sakai	_____ @ \$40	_____ @ \$16	_____
Kids at Work			
Connelly, DeGraff, and Willis	_____ @ \$40	_____ @ \$17	_____
The Economics of Work and Family			
Kimmel and Hoffman, Editors	_____ @ \$40	_____ @ \$15	_____
International Trade and Labor Markets			
Davidson and Matusz	_____ @ \$40	_____ @ \$16	_____
		Subtotal \$	_____
Shipping/Handling			
U.S.A. and Canada: \$4.00 first book, \$1.00 each additional book.			
Elsewhere: \$5 first book, \$1.50 each additional book.			
		Plus shipping	_____
		TOTAL \$	_____

SHIP TO:

Name _____

Organization _____

Address _____

City _____ State _____ Zip _____

BILL TO: (must attach purchase order)

Name _____

Organization _____

Address _____

City _____ State _____ Zip _____

To order a publication or request a catalog, mail, phone, fax, or e-mail:

W.E. UPJOHN INSTITUTE

300 S. Westnedge Avenue
Kalamazoo, MI 49007-4686

Phone (269) 343-4330

Fax (269) 343-7310

E-mail publications@upjohninstitute.org

PAYMENT: All orders must include check, credit card information, or purchase order. Checks must be payable to the W.E. Upjohn Institute in U.S. funds drawn on a U.S. bank. All prices are subject to change without notice.

_____ check enclosed

_____ VISA

_____ MasterCard

_____ P.O. # _____

_____ signature

_____ credit card #

_____ expiration date

_____ phone

April 2004

W.E. UPJOHN INSTITUTE
for Employment Research
300 S. Westnedge Avenue
Kalamazoo, MI 49007-4686

Nonprofit Org.
U.S. POSTAGE
PAID
Kalamazoo MI
Permit No. 756