CONTENTS

Acknowledgments xviii
Competing interests xviii
Editorial board xix
Introduction xxiii

SECTION I Program evaluation

1 The effects of wage subsidies for older workers 2
Wage subsidies to encourage employers to hire older workers are often ineffective Bernhard Boockmann

2 Can hiring subsidies benefit the unemployed? 4
Hiring subsidies can be a very cost-effective way of helping the unemployed, but only when they are carefully targeted Alessio J. G. Brown

3 Is unconditional basic income a viable alternative to other social welfare measures? 6
Countries give basic education and health care to everyone, and for good reasons—why not basic income? Ugo Colombino

4 Who benefits from firm-sponsored training? 8
Firm-sponsored training benefits both workers and firms through higher wages, increased productivity and innovation Benoit Dostie

5 Does vocational training help young people find a (good) job? 10
Systems combining structured learning on the job with classroom training can ease youth unemployment Werner Eichhorst

6 Should unemployment insurance cover partial unemployment? 12
Time-limited benefits may yield significant welfare gains and help underemployed part-time workers move to full-time employment Susanne Ek Spector
7 Should severance pay be consistent for all workers?  
Single, open-ended contracts with severance pay smoothly rising with seniority can decrease both unemployment and job losses  
*J. Ignacio García Pérez*

8 Is training effective for older workers?  
Training programs that meet the learning needs of older workers can improve their employability  
*Matteo Picchio*

9 Active labor market policies and crime  
Unemployment increases crime among youth, while active labor market policies can mitigate the problem  
*Torben Tranaes*

**SECTION II Behavioral and personnel economics**

10 High involvement management and employee well-being  
Giving employees more discretion at work can boost their satisfaction and well-being  
*Petri Böckerman*

11 What makes a good job? Job quality and job satisfaction  
Job satisfaction is important to well-being, but intervention may be needed only if markets are impeded from improving job quality  
*Andrew E. Clark*

12 Market competition and executive pay  
Increased competition affects the pay incentives firms provide to their managers and may also affect overall pay structures  
*Priscila Ferreira*

13 Goal setting and worker motivation  
Individual work goals can increase a worker’s performance, but they need to be chosen wisely  
*Sebastian J. Goerg*

14 Performance-related pay and labor productivity  
Do pay incentives and financial participation schemes have an effect on a firm’s performance?  
*Claudio Lucifora*

15 Happiness as a guide to labor market policy  
Happiness is key to a productive economy, and a job is key to individual happiness  
*Jo Ritzen*
16 Are workers motivated by the greater good?
Workers care about employers' social causes, but the public
sector does not attract particularly motivated employees
_Mirco Tonin_

SECTION III Migration

17 Language and culture as drivers of migration
Linguistic and cultural barriers affect international migration
flows  _Alícia Adserà_

18 Can immigrants ever earn as much as native workers?
Immigrants initially earn less than natives; the wage gap
falls over time, but for many immigrant groups it never
closes  _Kathryn H. Anderson_

19 Consequences of the obesity epidemic for immigrants
When migrants move to countries with high obesity rates, does
assimilation lead to labor market penalties and higher health
care costs?  _Laura Argyss_

20 Does return migration influence fertility at home?
Migrants encounter different fertility norms while abroad,
which they can bring back upon returning home
_Simone Bertoli_

21 Income of immigrants and their return
Both low- and high-income immigrants stay for a relatively
short time  _Govert E. Bijwaard_

22 Ethnic minority self-employment
Poor paid employment prospects push minority workers into
working for themselves, often in low-reward work  _Ken Clark_

23 Smart policy toward high-skill emigrants
Many proposed policies on skilled migration do little to improve
skill stocks or development outcomes, but promising options
exist  _Michael A. Clemens_

24 Migration and families left behind
Families that stay behind when a member migrates do not clearly
benefit  _Sylvie Démurger_
<table>
<thead>
<tr>
<th></th>
<th>Title</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>Does emigration increase the wages of non-emigrants in sending countries?</td>
<td>Benjamin Elsner</td>
</tr>
<tr>
<td>26</td>
<td>Migrants and educational achievement gaps</td>
<td>Horst Entorf</td>
</tr>
<tr>
<td>27</td>
<td>Are married immigrant women secondary workers?</td>
<td>Ana Ferrer</td>
</tr>
<tr>
<td>28</td>
<td>Immigrant labor and work-family decisions of native-born women</td>
<td>Delia Furtado</td>
</tr>
<tr>
<td>29</td>
<td>Naturalization and citizenship: Who benefits?</td>
<td>Christina Gathmann</td>
</tr>
<tr>
<td>30</td>
<td>Do minimum wages induce immigration?</td>
<td>Corrado Giulietti</td>
</tr>
<tr>
<td>31</td>
<td>The value of language skills</td>
<td>Gilles Grenier</td>
</tr>
<tr>
<td>32</td>
<td>Setting policy on asylum: Has the EU got it right?</td>
<td>Tim Hatton</td>
</tr>
<tr>
<td>33</td>
<td>What drives the language proficiency of immigrants?</td>
<td>Ingo E. Isphording</td>
</tr>
<tr>
<td>34</td>
<td>Impact of remittances on fertility</td>
<td>George S. Naufal</td>
</tr>
</tbody>
</table>
35 Intermarriage and the economic success of immigrants
Who is the driving factor—the native spouses or the immigrants themselves? Olga K. Nottmeyer

36 Occupational choice of return migrants
Migrant–sending countries can significantly benefit from the type of occupation chosen by return migrants Matloob Piracha

37 Cross-border migration and travel: A virtuous relationship
International migration boosts travel and vice versa, bringing economic benefits but challenging public policy Jacques Poot

38 Does corruption promote emigration?
Corruption is a driving force of emigration, especially for high-skilled workers, but also for other workers Friedrich Schneider

39 Retiree migration and intergenerational conflict
Retiree migration can have economic benefits but can also lead to intergenerational conflict in education spending Mehmet S. Tosun

40 Who benefits from return migration to developing countries?
Despite returnees being a potential resource, not all developing countries benefit from their return Jackline Wahba

41 Should countries auction immigrant visas?
Selling the right to immigrate to the highest bidders would allocate visas efficiently but might raise ethical concerns Madeline Zavodny

SECTION IV Institutions

42 A flexicurity labor market during recession
Long-term unemployment did not rise under the flexicurity model during the great recession, despite the large drop in GDP Torben M. Andersen

43 Knowledge spillovers and future jobs
In the future, jobs will be created by those bold enough to transform new ideas and knowledge into innovations David B. Audretsch
44 Perverse effects of two-tier wage bargaining structures
Two-tier wage bargaining fails to link wages more closely to productivity and increases allocative inefficiencies
*Tito Boeri*

45 The minimum wage versus the earned income tax credit for reducing poverty
Enhancing the earned income tax credit would do more to reduce poverty, at less cost, than increasing the minimum wage
*Richard V. Burkhauser*

46 How are minimum wages set?
Countries set minimum wages in different ways, and some countries set different wages for different groups of workers
*Richard Dickens*

47 The shadow economy in industrial countries
Reducing the size of the shadow economy requires reducing its attractiveness while improving official institutions
*Dominik H. Enste*

48 Who owns the robots rules the world
Workers can benefit from technology that substitutes robots or other machines for their work by owning part of the capital that replaces them
*Richard B. Freeman*

49 Should the earned income tax credit rise for childless adults?
The earned income tax credit raises income and work incentives among low-income parents but little goes to adults without children
*Harry J. Holzer*

50 Do works councils raise or lower firm productivity?
Works councils can have a positive impact on firm productivity, but only when specific conditions are in place
*Olaf Hübler*

51 The decline in job-to-job flows
An aging workforce and declining entrepreneurship explain the decline in job-to-job flows only partially
*Henry R. Hyatt*

52 Wage compression and the gender pay gap
Wage-setting institutions narrow the gender pay gap but may reduce employment for some women
*Lawrence M. Kahn*
Offshoring and the migration of jobs

Offshoring has little net effect on domestic employment, while pushing domestic workers toward more complex jobs. Gianmarco Ottaviano

Does it pay to be a public-sector employee?

Contrary to common belief, the long-term public-private pay gap is negligible in many countries. Fabien Postel-Vinay

Do minimum wages stimulate productivity and growth?

Minimum wage increases fail to stimulate growth and can have a negative impact on vulnerable workers during recessions. Joseph J. Sabia

Employment effects of longer working hours

Extending work hours may reduce employment in the short term but may increase it in the long term if hourly pay remains constant. Thorsten Schank

Institutional long-term care and government regulation

Focus on family and portable allowances to lower the costs of institutional long-term care while monitoring its quality. Elena Stancanelli

Unions and investment in intangible capital

When workers and firms cannot commit to long-term contracts and capital investments are sunk, union power can reduce investment. Giovanni Sulis

Employment and wage effects of extending collective bargaining agreements

Extending provisions of collective contracts to all workers in an industry or region may lead to employment losses. Ernesto Villanueva

Innovation and employment

Technological unemployment is not inevitable—some innovation creates jobs, and some job destruction can be avoided. Marco Vivarelli

SECTION V Transition and emerging economies

Latent entrepreneurship in transition economies

Some entrepreneurs and would-be entrepreneurs face financial and bureaucratic barriers to starting a business. Hilal Atasoy
62 New firm entry, labor reallocation, and institutions in transition economies
In transition economies, better property rights protection and rule of law enforcement can boost job creation and growth
Randolph L. Bruno

63 Skill mismatch and overeducation in transition economies
Substantial skill shortages coexist with overeducation, affecting both young and old workers Olga Kupets

64 Migrant well-being after leaving transition economies
Evidence is mixed on whether quality of life improves for migrants from post-socialist economies Milena Nikolova

65 Alcoholism and mortality in Eastern Europe
Excessive drinking is the main cause of high male mortality rates, but the problem can be addressed Evgeny Yakovlev

SECTION VI Development

66 Entrepreneurship for the poor in developing countries
Well-designed entrepreneurship programs show promise for improving earnings and livelihoods of poor workers Yoonyoung Cho

67 Trade, foreign investment, and wage inequality in developing countries
Exposure to foreign trade raises the skill premium in countries with a large stock of educated workers and reduces it in others Alessandro Cigno

68 The welfare impact of rising food prices
The welfare impact of rising food prices differs for net food consumers and net producers Ralitza Dimova

69 Are social security programs progressive?
Whether social security programs reduce inequality is not related to the amount they redistribute Alvaro Forteza

70 Policies to support women’s paid work
Policies in developing countries to improve women’s access to paid work should also consider child welfare Gianna Claudia Giannelli
71 Collective bargaining in developing countries
Negotiating work rules at the firm level instead of the industry level could lead to productivity gains Carlos Lamarche

72 Pensions, informality, and the emerging middle class
Getting the incentives right for firms and workers should be the priority in the labor formalization agenda Angel Melguizo

SECTION VII Environment

73 Environmental regulations and business decisions
Environmental regulations impose costs on firms, affecting productivity and location but providing significant health benefits Wayne B. Gray

SECTION VIII Education and human capital

74 Slavery, racial inequality, and education
Historical slavery may be a driver of human capital and its unequal racial distribution, with implications for education and income inequalities Grazia Bertocchi

75 The promises and pitfalls of universal early education
Universal early education can be beneficial, and more so for the poor, but quality matters Elizabeth U. Cascio

76 Impact of bilingual education on student achievement
Language development programs should focus on quality rather than the language in which instruction is provided Aimee Chin

77 Early-life medical care and human capital accumulation
Medical care and public health interventions in early childhood may improve human capital accumulation as well as child health N. Meltem Daysal

78 The importance of informal learning at work
On-the-job learning is more important for workers' human capital development than formal training Andries de Grip

79 How effective are financial incentives for teachers?
Linking teacher pay to student performance has become popular, but evidence on its effectiveness is mixed Scott A. Imberman
80 Immigrants in the classroom and effects on native children
Having immigrant children in the classroom may sometimes, but not always, harm educational outcomes of native children. Peter Jensen

81 Class size: Does it matter for student achievement?
Smaller classes are often associated with increased achievement, but the evidence is far from universal. Christopher Jepsen

82 Sports, exercise, and labor market outcomes
Increasing participation in sports and exercise can boost productivity and earnings. Michael Lechner

83 Youth sports and the accumulation of human capital
Positive contributions to cognitive and non-cognitive skills justify public support of youth sports. Michael A. Leeds

84 University dropouts and labor market success
Dropping out of university can be more advantageous than not having enrolled in university at all. Sylke V. Schnepf

85 The educational effects of school start times
Delaying secondary school start times can be a cost-effective policy to improve students’ grades and test scores. Teny Maghakian Shapiro

86 The impacts of shortening secondary school duration
Shortening secondary school duration may increase the skilled workforce in aging societies. Stephan L. Thomsen

87 The role of preschool in reducing inequality
Preschool improves child outcomes, especially for disadvantaged children. Jane Waldfogel

88 Do higher levels of education and skills in an area benefit wider society?
Education benefits individuals, but the societal benefits are likely even greater. John V. Winters

89 The boom in university graduates and the risk of underemployment
Better information on university quality may reduce underemployment and overeducation in developing countries. Gustavo A. Yamada
SECTION IX  Demography, family, and gender

90 Intergenerational income persistence
Measures of intergenerational persistence can be indicative of equality of opportunity, but the relationship is not clear cut
Jo Blanden

91 Fertility postponement and labor market outcomes
Postponed childbearing increases women's labor market attachment but may reduce overall fertility Massimiliano Bratti

92 Relative deprivation and individual well-being
Low status and a feeling of relative deprivation are detrimental to health and happiness Xi Chen

93 Childcare choices and child development
Generous parental leave and affordable, high-quality childcare can foster children’s abilities Daniela Del Boca

94 Health effects of job insecurity
Job insecurity adversely affects health, but fair workplace practices and employee participation can mitigate the effects Francis Green

95 Do joint custody laws improve family well-being?
Joint child custody laws affect not only divorced families but intact families as well Martin Halla

96 Sexual harassment in the workplace
Despite being illegal, costly, and an affront to dignity, sexual harassment is pervasive and challenging to eliminate Joni Hersch

97 Pension reform and couples’ joint retirement decisions
The success of policies raising the retirement age depends on people’s responsiveness to changes in pension eligibility Laura Hospido

98 Beauty pays but does investment in beauty?
Despite the large returns from an attractive appearance, the cost-effectiveness of investment in beauty is ambiguous Soohyung Lee

99 The quantity-quality fertility-education trade-off
Policies to reduce fertility in developing countries generally boost education levels, but only slightly Haoming Liu
100 Trade liberalization and gender inequality
Can free-trade policies help to reduce gender inequalities in employment and wages? Janneke Pieters

101 Does it pay to be beautiful?
Physically attractive people can earn more, particularly in customer-facing jobs, and the rewards for men are higher than for women Eva Sierminska

102 The determinants of housework time
Boosting the efficiency of household production could have large economic effects Leslie S. Stratton

SECTION X Data and methods

103 Google search activity data and breaking trends
Google search activity data are an unconventional survey full of unbiased, revealed answers in need of the right question Nikolaos Askitas

104 Matching as a regression estimator
Matching avoids making assumptions about the functional form of the regression equation, making analysis more reliable Dan A. Black

105 Measuring the cost of children
Knowing the real cost of children is important for crafting better economic policy Olivier Donni

106 Evaluating the efficiency of public services
Differences in efficiency in public services can offer clues about good practice Geraint Johnes

107 The challenges of linking survey and administrative data
Combining survey and administrative data is growing in popularity, even though data access is still highly restricted Steffen Künn

108 The use of natural experiments in migration research
Data on rapid, unexpected refugee flows can credibly identify the impact of migration on native workers' labor market outcomes Semih Turnen
109 Measuring disincentives to formal work
Does formal work pay? Synthetic measurements of taxes and benefits can help identify incentives and disincentives to formal work Michael Weber

110 Counting on count data models
Quantitative policy evaluation can benefit from a rich set of econometric methods for analyzing count data Rainer Winkelmann

Author index 240
Subject index 242