JACOB MINCER

A PIONEER OF MODERN LABOR ECONOMICS
Jacob Mincer 12/98

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JACOB MINCER
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PREFACE

BY SHOSHANA GROSSBARD

In 2004, the Society of Labor Economists announced its first Award for Lifetime Achievement in Labor Economics. Jacob Mincer and Gary Becker were the co-recipients. The award was then renamed the Jacob Mincer Award. Two years earlier, Mincer was the first to win the IZA Award in Labor Economics. These awards recognize Mincer’s primary role in shaping labor economics, but they only hint at the breadth of his reputation and accomplishments: he is a member of the National Academy of Sciences, and has been appointed a Fellow of the American Statistical Association and the Econometric Society, as well as a distinguished Fellow of the American Economic Association.

Mincer is one of the principal architects of Modern Labor Economics (MLE), a premier application of micro-economics in the spirit of Chicago’s positive economics. There are typically three steps to such application: (1) a theoretical model is developed or borrowed, leading to testable implications; (2) empirical work is performed; and (3) the findings are analyzed in light of the theoretical analysis. All of Mincer’s work has followed those steps, even when this was a rare occurrence. When he started, in the mid 1950s, labor economics was a sub-field of institutional economics. Labor economics is now a major field of economics. As a result of his work and that of other pioneers, MLE became an example for other applications of economic models.

As noted, Mincer shared the first prize named after him with Gary Becker, another major pioneer of MLE and recipient of the 1992 Nobel Prize in economics. Even though they did not write joint papers, together Mincer and Becker created the labor workshop that became MLE’s incubator at Columbia University, from 1959 to 1969.
It was also at Columbia that colleagues—including many of Mincer’s students—gathered on July 15th, 2002, to honor him and to celebrate his 80th birthday. This book gathers reflections and tributes by Becker, James Heckman, and students who participated in Columbia’s labor workshop during those ‘Golden Sixties.’

Mincer’s contributions to labor economics predate the labor workshop. He completed his Ph.D dissertation at Columbia in 1957, under the guidance of George Stigler, one of the three economists who were his principal sources of inspiration.1 By 1959, the year that Becker recommended his appointment at Columbia, Mincer had already published a major article on human capital.

Another economist who inspired Mincer’s MLE is H. Gregg-Lewis.2 In Mincer’s words, reacting to some of us calling him a father of MLE: “If I am a father of labor economics, H. Gregg-Lewis is surely the grandfather.” (Chapter 3). Mincer’s relationship with Gregg-Lewis had developed during Mincer’s post-doctoral fellowship at Chicago in the years 1957-58.3 Mincer also recognizes a major intellectual debt to Milton Friedman. He was particularly inspired by Friedman’s book (with Simon Kuznets) on income earned by professionals and his research on consumption functions. It is mostly from Friedman that he first learned Chicago-style positive economics.

Mincer and Becker worked as a team. After Becker left for the University of Chicago in 1969, and Mincer turned down an offer to teach at Chicago, their unique collaboration came to its end. Mincer continued to lead Columbia’s labor workshop for many more years. In 1979, Columbia University appointed him Buttenwieser Professor of Economics and Human Relations. He retired in 1991.

This Festschrift honors not only Mincer. It also honors the labor workshop at Columbia during the 1960s, a workshop I wished I had attended. My fascination with that workshop started when I became a student of Becker’s at Chicago in 1973, soon after he had left Columbia. Mincer and many of his and Becker’s former students at Columbia participated in Becker’s workshop at Chicago in the 1970s. I detected something very special about Mincer and all those who had been part of Columbia’s labor workshop in the 1960s.

Thirty years later, the conference that led to this volume made clear to all participants, regardless of their own experience, that Mincer, Becker, and the labor workshop at Columbia in the sixties were extraordinary. The display of affection that flowed at Jacob’s 80th birthday conference was overwhelming, particularly from workshop participants in the ‘Golden Sixties.’ Most students from the ‘Golden Sixties’ were there, including Jean Claude Koene from Belgium, Reuben Gronau, Ruth Klinov and Jacob Parush from Israel, and Masatoshi Kuratani from Japan. Many of Mincer’s later students came as well.

MINCER AND COLUMBIA’S LABOR WORKSHOP IN THE 1960s

Chapters 1 through 7 of this volume contain essays that explore the nature of Mincer’s and Becker’s labor workshop. In addition to essays by each of them, this part includes chapters by James Heckman, the 2000 Nobel Prize laureate, and Solomon Polachek, who studied with Mincer and Becker in the 1960s. These essays, and an
interview with Mincer by Pedro Teixeira, provide a clear sense of the circumstances that gave birth to Modern Labor Economics. Most of these materials are original to this book.

Chapter 4, contributed by Gary Becker, offers a unique and personal perspective on the cooperation between two outstanding minds. The chapter is based on comments, originally presented at the 2002 Conference at Colombia and previously unpublished. Becker’s reminiscences moved the audience to tears. Becker describes this period as possibly the most exciting and fruitful in his life. Numerous elements seem to have contributed to the highly productive Mincer-Becker collaboration.

First, the two men shared intellectual interests. A number of subjects—including the economics of human capital, time allocation, and household economics—were at the center of each man’s research. Mincer and Becker had very few disagreements, maybe none on fundamental issues. In particular, they both were strong believers in the need to blend theory and empirical work, and in that sense they each identified with the methodology of Milton Friedman’s positive economics. Mincer learned from Friedman mostly by reading his work; Becker was Friedman’s student.

Second, the two men had a very strong personal friendship that continues to this day.

Third, these two researchers are highly original thinkers (they were engaged in research that was not done anywhere else at the time).

Fourth, their perfectionism led to well trained students and high quality research (see Chapter 5).

Fifth, their complementarity led to fermentation and cross-fertilization: Mincer empirical, Becker theoretical; Mincer self-contained, Becker outspoken (see Chapter 4).

Sixth, a dedication to their students, whose presentations were the primary focus of the workshop, a dedication apparent throughout this book. In their own chapters, Mincer and Becker credit the outstanding students who attended their workshop during that time. However, from Sol Polachek’s chapter it appears that the quality of the students was not exogeneous. Outstanding students joined the labor workshop thanks primarily to the qualities of Mincer and Becker as leaders of the workshop. More information on the students attending the workshop can be found in Chapter 7.

TECHNOLOGY, HUMAN CAPITAL, AND THE NEW HOME ECONOMICS

One book can’t possibly offer a comprehensive tribute to an economist as influential as Jacob Mincer. The topics that are included here are among the closest to Mincer’s heart: technology, human capital, children, women’s labor supply, the distribution of earnings, and health.

Part III consists of Mincer’s latest economics paper, which deals with technology and the labor market. Part IV offers new perspectives on Mincer’s contributions to the topic of human capital. These perspectives are offered by two students of his in the 1960s, Barry Chiswick and Solomon Polachek, and by a younger economist, Thomas Lemieux, who focuses on Jacob Mincer’s most famous contribution to this area of research: the Mincer equation. That equation also plays a central role in
Chapters 8 and 9 by Chiswick and Polachek. Chiswick also discusses the distribution of earnings, and Polachek also deals with Mincer’s concept of ‘overtaking point.’

Finally, Part V addresses Jacob Mincer’s contributions to the New Home Economics. Each of the chapters was written by one of Mincer’s students from the 1960s: Reuben Gronau (on labor supply), Michael Grossman (on the household production of health), and Arleen Leibowitz (on household production and children). Excepting Lemieux’s article, all chapters in Parts IV and V were presented at the 2002 Conference at Columbia. Chapters 8, 10, 12 and 13 were previously published in a special issue of the Review of Economics of the Household (REHO). Chapters 9 and 14 are adaptations of articles in REHO.

NOTES
2. Becker has also publicly recognized his intellectual debt to H. Gregg-Lewis.
3. Mincer has more ties to Chicago: he was a visiting professor there in the mid 1970s and holds an honorary Doctorate of Law from the University of Chicago.
Preparing this volume has been an outstanding experience. It has given me numerous opportunities to get to know Jacob better. The more I know him, the more impressed I become with his extraordinary combination of talent and modesty, and the more honored and thankful I feel for having had the opportunity to organize this book. It was a pleasure consulting with him about every aspect of this work’s preparation. In the process, a great friendship with Jacob and Flora, his wife, has ensued. I thank Jacob for his patience when answering my numerous questions and I thank both of them for all their assistance with this book, including helping me get the bibliography and Jacob’s picture.

I thank everyone else who participated in this volume as well. I am very grateful to my Chicago professors, Gary Becker and Jim Heckman, for trusting me with their articles. Jim Heckman also facilitated this book’s editing process. It has also been gratifying to learn from the students who participated in the labor workshop at Columbia and to get to know them better. The former students who contributed to this volume join me in thanking Jacob Mincer for the intellectual gifts he bestowed upon us.

Thanks also go to Marilea Fried of Springer for her support for this book, Jim Heckman for asking me to help him organize the conference that inspired this book, Nachum Sicherman for helping organize the conference, Barry Chiswick, Reuben Gronau, and Arleen Leibowitz for helpful comments on the preface, and Jennifer Boobar and Howard Yourow for their editing contribution throughout. I also thank Kristin Ruscetta and her staff for getting the manuscript into book form.