

# CILNews

Newsletter of the Canadian International Labour Network



## CILN postdoc works on education and wages

Kelly Bedard is now completing her initial year (of a two year term) as the first postdoctoral fellow associated with CILN, after completing her Ph.D. at Queen's in 1996. Here, she writes about her current research interests and activities.

*The majority of my research has focused on the relationship between school systems, wage inequality and the coexistence of certain types of education and labour market institutions across countries. I am particularly interested in how school policies affect subsequent post-secondary education and occupational choices (including union membership). Most of my research on educational issues has two common elements. First, I generally focus on the structure of education systems*

*(streaming mechanisms, program sizes, streaming ages, and so on) rather than standard school quality measures like the pupil-teacher ratio. Second, most of my work looks at how educational policies impact students with different types, or levels of ability.*

*I have been working on a couple of papers (one with Joanne Roberts, Queen's University) that develop a simple two skill model that incorporates educational streaming based on academic ability (similar to any test based sorting rule) and the uncertainty that students, and teachers, have about student abilities. This model allows us to look at how streaming rules (and errors) perpetuate themselves by influencing post-secondary education, occupational, and unionization choices. Of course the resulting skill distribution and labour market choices ultimately help determine the distribution of earnings. This model also allows us to look at the costs, in terms of lower wages, resulting from mis-streaming (as well as inappropriate self-selection when information is imperfect) under various streaming ages, stream sizes, and sorting rules.*

*Continuing to explore the impact of school policies on different types of students, I have another paper that examines the relationship*

*between standard "school quality" measures, such as pupil-teacher ratios and teacher salaries, and wages later in life at different points in the wage distribution. I find that the significance, and even the sign of the relationship between school inputs and subsequent earnings, differs across points in the wage distribution.*

*In an attempt to look at the relationship between educational institutions and the distribution of wages across countries I have a paper (with Chris Ferrall, Queen's University) that compares the distribution of mathematics test scores from 1962 and 1982 with the earnings of these cohorts later in life across eleven countries. Our results suggest that countries historically differed greatly in the distribution of skills they imparted to students (summarized by the distribution of math test scores), that these skills help determine wages later in life, and that international differences in pre-market skills help explain differences in wage dispersion. More precisely, we find that wage dispersion is significantly related to test score dispersion and union density.*

*In addition to this primary research focus, I am also working on two papers that explore the distributive*

*properties associated with needs based health care funding models (with Allan Gregory and John Dorland, Queen's University).*

When Kelly's term ends in mid-1998, CILN will have another Postdoc appointed to a two year term to run to 2000. Further details are available in this newsletter.

## Graduate Students in CILN

CILN supports graduate student training and research through an innovative series of CILN Fellowships, funded by SSHRC with matching funds from the universities involved. Presently, McMaster, Toronto, UBC and Queen's are participating in such support, with more than a dozen graduate students being involved.

Here, two of these graduate students report on the research they are conducting with this CILN support.

### Wasif Rasheed (McMaster)

*My research is examining different models of individual behaviour within the household. The two topics that I am currently investigating are the effects of labour supply on goods demand in the intra-household context, and testing between various intra-household models. In much of this work, I adopt the framework suggested by Pierre-André Chiappori (DELTA &*

*CILN), in which individuals within the household are represented by their own sets of preferences and make decisions that are efficient.*

*The first topic furthers work done by Costas Meghir (UCL & CILN) and Martin Browning (McMaster & CILN). Their work rejects separability and exogeneity of labour supply behaviour and goods demand. My research investigates whether these two findings still hold after we take into account intra-household effects. I find that if we allow for relative income effects, then exogeneity and separability of female labour supply is now no longer rejected.*

*My second topic is collaborative work with Martin Browning and Valérie Lechene (INRA & CILN). Several models of intra-household behaviour have been proposed in the literature. These models fall into two broad classifications: non-cooperative and cooperative models. The existing research in this area has focused on testing the common implications of both of these class of models against the single utility function approach. For example, previous studies have tested for income pooling, and Slutsky symmetry. Little attention has been given to testing between the two broad classifications. We intend to continue our ongoing work on testing between different models of intra-household behaviour. Specifically, we shall be considering two versions of cooperative models (two Nash bargaining models) and one version of a non-cooperative model (a Nash equilibrium model with public goods). We*

*will test these by estimating Engel curves on several cross-section of Canadian families. Further, we also plan on testing for the existence of altruism within the household.*

*A better understanding of these intra-household models will help us in addressing the question who is better off and who is worse off as a result of changes in female labour force participation. For example, if the data support the cooperative model with non-cooperative threat points, then extra resources given to a woman who has approximately the same income as her spouse will have no effect on improving her welfare or that of her children.*

### Heather Antecol (McMaster & ANU)

*I was recently able to undertake research at the Australian National University, supported by CILN and hosted by Bob Gregory. During my visit I was involved in a number of different research projects in a variety of roles. One of these is a comparative analysis of the labour market outcomes of Asian Immigrants in Australia, Canada and the United States, conducted by Bob Gregory (ANU), Peter Kuhn (McMaster & CILN), Stephen Trejo (UC Santa Barbara) and Jeffrey Grogger (UCSB). The goal of this project is to examine the role different labour market institutions and immigration policies have on the labour market outcomes of Asian immigrants found in each of the countries. My role was to set up the censuses so they were*

comparable across year as well as across countries and to do some preliminary empirical investigation. Using the same data, I initiated another project, which I hope will form part of my thesis, in which I re-examine why the size of wage gap between men and women varies from country to country. The gender gap is lower in Australia compared to Canada and the United States. A number of authors have recently proposed that this is largely explained by differences in wage setting institutions. I plan to conduct a stronger test of the “institution hypothesis” behind the gender gap. In particular, I will use immigrant/ethnic groups from different source countries as a source of variation in “culture”. Note that, if institutions, rather than “values/culture” play a role, this role should be the same across all ethnic groups. I will compare gender gaps within immigrant groups from the same source country in different receiving countries to assess the relative role of “home country” and “host country” factors in determining the wage gap. In a third project, co-authored with Peter Kuhn, we study the pattern of reported gender discrimination in social surveys and try to understand why it corresponds so poorly with economists’ standard measures of discrimination.

Aside from exposure to new researchers, new data, and different labour market institutions, I feel that my visit to ANU contributed significantly to my independence in doing

research. One reason for this is an aspect of the learning environment at ANU, which I found particularly helpful: a weekly Ph.D. seminar series in which students must present work in progress at least twice a term to both faculty and students. I not only attended these Ph.D. seminars but presented as well. I was so impressed with this seminar series that I am trying to set up such a series at McMaster.

## Seminar series

CILN holds a regular seminar series and occasional public lectures at McMaster. In addition, CILN hosts short-term visitors engaged in research related to CILN themes.

! January 24 **Eric Hanushek** (University of Rochester) “Schooling, Labour Force Quality and the Growth of Nations.”

! February 5 **Herb Schuetze** (McMaster University) “The Re-Emergence of Self Employment: A Canada-U.S. Comparison”

! April 4 **Keith Banting** (Queen’s University & CILN) “Globalization and Canada’s Social Contract” Jack and Kay Graham Memorial Lecture

! April 9 **Martin Browning** (McMaster University) “Socks or Stocks: Consumption Smoothing and Durables Replacement During an Unemployment Spell”

! May 14 **JoAnn Kingston-Riechers** (McMaster University) “Does Economic

Status Affect the Frequency of Domestic Violence?”

## CILN at the Learned

At this year’s Learned Societies Meeting in St. John’s, Newfoundland, CILN organized a special session on “YOUTH LABOUR MARKETS: CANADIAN AND INTERNATIONAL PERSPECTIVES ON THE ‘NEW’ GENERATION GAP” with papers by Rene Morissette (Statistics Canada), Paul Beaudry (UBC) & David Green (UBC & CILN), and David Blanchflower (Dartmouth College) & Andrew J. Oswald (University of Warwick). Also involved in the session as Chair or Discussants were Peter Kuhn (McMaster & CILN), Michael Baker (University of Toronto & CILN), Kelly Bedard (McMaster & CILN) and John Burbidge (McMaster & CILN). Key findings that emerged from the session were that (a) youth labour markets seem to be deteriorating in almost all developed countries, not just in Canada; (b) in Canada at least, the decline in young peoples’ fortunes appears to be a cohort effect; i.e. it is not just a steepening of the age-earnings profile; and (c) despite worsening labour market outcomes, young people across the developed world express greater happiness and satisfaction with their lives today than a generation ago. It was widely agreed that this apparent inconsistency between objective and subjective outcomes warrants further study.

## The Data Liberation Initiative and CILN

Canada's Data Liberation Initiative (DLI) was formed to provide researchers and students at Canadian academic institutions affordable access to Statistics Canada data files and databases.

DLI is a co-operative effort among the Humanities and Social Science Federation of Canada (HSSFC), the Canadian Association of Research Libraries (CARL), the Canadian Association of Public Data Users (CAPDU), the Canadian Association of Small University Libraries (CASUL), Statistics Canada and other government departments. Formally launched on October 22, 1996, it has been approved as a five-year pilot.

Many of Canada's labour-related data sets, such as the Survey of Consumer Finances and the Survey of Labour and Income Dynamics can be obtained by Canadian academic institutions through DLI. These data are currently available only to Canadian researchers, but CILN is in the process of negotiating access for its international members. Other researchers outside of Canada have the option of purchasing Statistics Canada data products directly.

DLI Training Workshops were recently held in four Universities across Canada. The focus of the Workshops were to provide some basic training for people involved with supporting DLI products

in their organization. CILN's data librarian, Malik Ljusic, attended the Workshop held in Ottawa. The training sessions covered topics ranging from an overview of DLI data sources to setting up and supporting data services within an organization. The Workshops provided an excellent setting for data librarians and other support people to meet and exchange ideas and information about what is happening with the data centers in their institutions.

## Post-doctoral Fellowship

Applications are invited for a post-doctoral fellowship with CILN in the Department of Economics at McMaster University.

The successful candidate will have a research programme that relates naturally to at least one of the areas on which CILN is focussing. In most other respects, the rules that normally cover SSHRC post-doctoral fellowships will apply to this fellowship also. In particular, the fellowship will be tenable for up to two years, and the successful candidate must have completed all requirements for a doctoral degree before the fellowship period begins, but not longer than three years prior to the deadline for applications. The fellowship will be remunerated at current SSHRC rates of **\$28,000** per year; there will also be a tax-free research allowance of \$5,000 per year. Teaching duties will involve at most two one-term courses per year, remunerated at a rate of \$7,500 per one-term course.

The position will commence July 1, 1998, or at a mutually agreeable date thereafter, but in no event later than September 1, 1998.

McMaster University is committed to the principles of employment equity, and encourages applications from all qualified candidates, including women, indigenous peoples, persons with disabilities, and individuals from visible minority groups. Other things equal, preference will be given to Canadian citizens (or permanent residents of Canada living in the country), but there are no restrictions on who may apply for the fellowship.

Interested candidates should send an application, including a curriculum vitae and the names of three academic referees, to:

Peter Kuhn, Department of Economics, McMaster University, Hamilton, Ontario, Canada, L8S 4M4; facsimile: (905) 521-8232; electronic mail: [PJKuhn@McMaster.CA](mailto:PJKuhn@McMaster.CA), to whom further enquiries can also be directed. The closing date for applications is December 1, 1997.

## Coordinates

Email: [ciln@mcmaster.ca](mailto:ciln@mcmaster.ca)

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