

高等学校经济类双语教学推荐教材

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*ECONOMICS
CLASSICS*

经济学经典教材·专业主干课系列

Economics Classics

现代劳动经济学

(第十版)

Modern Labor
Theory

(Tenth Edition)

**Economics
and Public Policy**

罗纳德·G·伊兰伯格 (Ronald G. Ehrenberg)

罗伯特·S·史密斯 (Robert S. Smith)

著

刘昕 改编

中国人民大学出版社

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出版说明

入世十年，我国已完全融入到经济全球化的浪潮中。党的十六大确立了“引进来，走出去”的发展战略，使得“国际化”复合型人才的需求不断增加。这就对我国一般本科院校多年来所采取的单一语言（母语）教学提出严峻挑战，经济类专业双语教学改革迫在眉睫。

为配合高校经济类专业双语教学改革，中国人民大学出版社携手培生、麦格劳-希尔、圣智等众多国际知名出版公司，倾情打造了该套“经济类双语系列教材”，本套教材包括：经济管理类专业开设的核心课程、经济学专业开设的主干课程以及财政金融专业和国际贸易专业的主要课程。所选教材均为国外最优秀的本科层次经济类教材。

我们在组织、引进和出版该系列教材的过程中，严把质量关。聘请国内著名经济学家、学者以及一线授课教师审核国外原版教材，广泛听取意见，努力做到把国外真正高水平的适合国内实际教学需求的优秀教材引进来，供国内广大师生参考、研究和学习。

本系列教材主要有以下特点：

第一，教材体系设计完整。本系列教材全部为国外知名出版公司的优秀教材，涵盖了经济类专业的所有主要课程。

第二，英文原版教材特色。本系列教材依据国内实际教学需要以及广泛适应性，部分对原版教材进行了全文影印，部分在保持原版教材体系结构和内容特色的基础上进行了适当删减。

第三，内容紧扣学科前沿。本系列教材在原著选择上紧扣国外教学前沿，基本上都是国外最流行教材的最新版本。

第四，篇幅合理、价格适中。本系列教材一方面在内容和篇幅上很好地适应了国内双语教学的实际需要，另一方面，低定价策略又避免了国外原版图书高额的购买费用。

第五，提供强大的教学支持。依托国外知名出版公司的资源，本系列教材为教师提供丰富的配套教辅资源，如教师手册、PPT课堂演示文稿、试题库等，并配有内容丰富的网络资源，使教学更为便利。

本系列教材既适合高等院校经济类专业的本科教学使用，也适合从事经济类工作和研究的广大从业者的阅读和学习。我们在选书、改编过程中虽然全面听取了专家、学者和教师的意见，努力做到满足广大读者的需求，但由于各教材的作者所处的政治、经济和文化背景不同，书中内容仍可能有不妥之处，我们真诚希望广大读者提出宝贵意见和建议，以便我们在以后的版本中不断改进和完善。

改 编 者 前 言

罗纳德·G·伊兰伯格和罗伯特·S·史密斯两位任教康奈尔大学,《现代劳动经济学》一书是劳动经济学领域的一本经典教材。自1982年问世以来,经过多次重修再版,该书1988年的英文第三版在1991年时被翻译成中文介绍到中国来,此后,该书英文版的第六版、第八版以及目前的第十版均连续由中国人民大学出版社出版了中文版。

本书第十版的英文版在上一版的基础上做了一些内容更新,对大量的数据进行了更新,增添了一些新的案例,并吸收了很多劳动经济领域的最新科研成果。正如纽约州立大学格雷塞奥分校的雷奥内·斯通教授所说:“《现代劳动经济学》是一本经典的劳动经济学教科书,它是所有其他同类教科书的一个标杆。”艾奥瓦州立大学的彼得·奥拉赛姆教授也对该书做出了很高的评价,他说:“《现代劳动经济学》一书对劳动经济理论做了最完整的展现,该书不仅抓住劳动经济学领域的各个重要课题,而且内容清晰,同时很好地兼顾了对政策的分析。”

该书的英文原版共有16章,这次在国内出版英文版之际,出于篇幅以及国内教学需要的考虑,我们决定对原书加以适当的删减,保留了12章。其中主要是删掉了原书的第10章(劳动力流动:移入、移出和流动率)、第12章(劳动力市场中的性别、种族和族裔)、第13章(工会与劳动力市场)以及第15章(工资性报酬中的不平等)。删减的主要理由是,这几章的内容是以美国的情况为基础的,与中国的劳动力市场情况差异比较大,而且删掉之后基本不影响整本书的完整性。

刘 昕

中国人民大学公共管理学院教授、博士生导师

2012年3月

Preface

Modern *Labor Economics: Theory and Public Policy* has grown out of our experiences over the last three decades in teaching labor market economics and conducting research aimed at influencing public policy. Our text develops the modern theory of labor market behavior, summarizes empirical evidence that supports or contradicts each hypothesis, and illustrates in detail the usefulness of the theory for public policy analysis. We believe that showing students the social implications of concepts enhances the motivation to learn them and that using the concepts of each chapter in an analytic setting allows students to see the concepts in action. The extensive use of detailed policy applications constitutes a major contribution of this text.

If, as economists believe, passing “the market test” is the ultimate criterion for judging the success of an innovation, launching this tenth edition of *Modern Labor Economics* is an endeavor that we have approached with both satisfaction and enthusiasm. We believe that economic analysis has become more widely accepted and valued in the area of policy analysis and evaluation, and that labor economics has become an ever more vibrant and vigorous field within economics. *Modern Labor Economics* was first published about a decade after neoclassical analysis of the labor market replaced institutional treatment as the dominant paradigm, and in the intervening quarter century, this paradigm has grown increasingly sophisticated in its treatment of labor market issues and the institutions that affect them. This period has been a very exciting and rewarding time to be a labor economist, and our enthusiasm for bringing this field to the student remains unabated.

Accompanying Supplements

Supplements enrich the tenth edition of *Modern Labor Economics* for both students and instructors.

The **Study Guide**, revised and updated by Léonie Stone of the State University of New York at Geneseo, is available in paperback. For each chapter in the text, the Study Guide offers: (a) a brief summary of the major concepts, with numerical examples when appropriate; (b) a review section with multiple-choice questions; (c) a problems section with short-answer essay questions; (d) an applications section with problems and questions related to policies or labor market issues; and (e) answers to all questions and problems.

In addition to the Study Guide, students receive a cohesive set of online study tools that are available on the **Companion Website**, www.aw-bc.com/ehrenberg_smith. For each chapter, students will find a multiple-choice quiz revised by Walter Wessels of North Carolina State University, econometric and quantitative problems revised by Elizabeth Wheaton of Southern Methodist University, case studies compiled by Lawrence Wohl of Gustavus Adolphus College that illustrate concepts central to the chapter, Web links to labor data sources, and PowerPoint lecture presentations.

For instructors, an extensive set of online course materials is available for download at the Instructor Resource Center (www.pearsonhighered.com/irc) on the catalog page for *Modern Labor Economics*. All resources are password-protected for instructor use only. An **Online Test Bank** consists of approximately 500 multiple-choice questions that can be downloaded and edited for use in problem sets and exams. The Test Bank has been thoroughly revised and updated by Walter Wessels and is also available as an **Online Computerized Test Bank** in TestGen format.

Also available is the **Online Instructor's Manual**, written by co-author Robert Smith. The Online Instructor's Manual presents answers to the even-numbered review questions and problems in the text, outlines the major concepts in each chapter, and contains two new suggested essay questions per chapter (with answers).

Finally, an **Online PowerPoint presentation** is available for each chapter. The slides consist of all numbered figures and tables from the text. The PowerPoint presentations can then be used electronically in the classroom or they can be printed for use as overhead transparency masters.

Ronald G. Ehrenberg
Robert S. Smith

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1

Introduction

Economic theory provides powerful, and surprising, insights into individual and social behavior. These insights are interesting because they help us understand important aspects of our lives. Beyond this, however, government, industry, labor, and other groups have increasingly come to understand the usefulness of the concepts and thought processes of economists in formulating social policy.

This book presents an application of economic analysis to the behavior of, and relationship between, employers and employees. The aggregate compensation received by U.S. employees from their employers was \$7.5 trillion in the year 2006, while all *other* forms of personal income that year—from investments, self-employment, pensions, and various government welfare programs—amounted to \$3.4 trillion. The *employment* relationship, then, is one of the most fundamental relationships in our lives, and as such, it attracts a good deal of legislative attention. Knowing the fundamentals of labor economics is thus essential to an understanding of a huge array of social problems and programs, both in the United States and elsewhere.

As economists who have been actively involved in the analysis and evaluation of public policies, we obviously believe labor economics is useful in understanding the effects of these programs. Perhaps more important, we also believe policy analysis can be useful in teaching the fundamentals of labor economics. We have therefore incorporated such analyses into each chapter, with two purposes in mind. First, we believe

that seeing the relevance and social implications of concepts studied enhances the student's motivation to learn. Second, using the concepts of each chapter in an analytical setting serves to reinforce understanding by helping the student to see them "in action."

The Labor Market

There is a rumor that a former U.S. Secretary of Labor attempted to abolish the term *labor market* from departmental publications. He believed it demeaned workers to regard labor as being bought and sold like so much grain, oil, or steel. True, labor is unique in several ways. Labor services can only be rented; workers themselves cannot be bought and sold. Further, because labor services cannot be separated from workers, the conditions under which such services are rented are often as important as the price. Indeed, *nonpecuniary factors*—such as work environment, risk of injury, personalities of managers, perceptions of fair treatment, and flexibility of work hours—loom larger in employment transactions than they do in markets for commodities. Finally, a host of institutions and pieces of legislation that influence the employment relationship do not exist in other markets.

Nevertheless, the circumstances under which employers and employees rent labor services clearly constitute a market, for several reasons. First, institutions such as want ads and employment agencies have been developed to facilitate contact between buyers and sellers of labor services. Second, once contact is arranged, information about price and quality is exchanged in employment applications and interviews. Third, when agreement is reached, some kind of *contract*, whether formal or informal, is executed, covering compensation, conditions of work, job security, and even the duration of the job. These contracts typically call for employers to compensate employees for their *time* and not for what they produce. This form of compensation requires that employers give careful attention to worker motivation and dependability in the selection and employment process.

The end result of employer-employee transactions in the labor market is, of course, the placement of people in jobs at certain rates of pay. This allocation of labor serves not only the personal needs of individuals but the needs of the larger society as well. Through the labor market, our most important national resource—labor—is allocated to firms, industries, occupations, and regions.

Labor Economics: Some Basic Concepts

Labor economics is the study of the workings and outcomes of the market for labor. More specifically, labor economics is primarily concerned with the behavior of employers and employees in response to the general incentives of wages, prices, profits, and nonpecuniary aspects of the employment relationship, such

as working conditions. These incentives serve both to motivate and to limit individual choice. The focus in economics is on inducements for behavior that are impersonal and apply to a wide range of people.

In this book, we shall examine, for example, the relationship between wages and employment opportunities; the interaction among wages, income, and the decision to work; the way general market incentives affect occupational choice; the relationship between wages and undesirable job characteristics; the incentives for and effects of educational and training investments; and the effects of unions on wages, productivity, and turnover. In the process, we shall analyze the employment and wage effects of such social policies as the minimum wage, overtime legislation, safety and health regulations, welfare reform, payroll taxes, unemployment insurance, immigration policies, and antidiscrimination laws.

Our study of labor economics will be conducted on two levels. Most of the time, we shall use economic theory to analyze “what is”; that is, we shall explain people’s behavior using a mode of analysis called *positive economics*. Less commonly, we shall use *normative* economic analysis to judge “what should be.”

Positive Economics

Positive economics is a theory of behavior in which people are typically assumed to respond favorably to benefits and negatively to costs. In this regard, positive economics closely resembles Skinnerian psychology, which views behavior as shaped by rewards and punishments. The rewards in economic theory are pecuniary and nonpecuniary gains (benefits), while the punishments are forgone opportunities (costs). For example, a person motivated to become a surgeon because of the earnings and status surgeons command must give up the opportunity to become a lawyer and must be available for emergency work around the clock. Both the benefits and the costs must be considered in making this career choice.

Scarcity The pervasive assumption underlying economic theory is that of resource *scarcity*. According to this assumption, individuals and society alike do not have the resources to meet all their wants. Thus, any resource devoted to satisfying one set of desires could have been used to satisfy another set, which means that there is a cost to any decision or action. The real cost of using labor hired by a government contractor to build a road, for example, is the production lost by not devoting this labor to the production of some other good or service. Thus, in popular terms, “There is no such thing as a free lunch,” and we must always make choices and live with the rewards and costs these choices bring us. Moreover, we are always constrained in our choices by the resources available to us.

Rationality A second basic assumption of positive economics is that people are *rational*—they have an objective and pursue it in a reasonably consistent fashion. When considering *persons*, economists assume that the objective being pursued is *utility maximization*; that is, people are assumed to strive toward the goal of making themselves as happy as they can (given their limited resources).

Utility, of course, is generated by both pecuniary and nonpecuniary dimensions of employment.

When considering the behavior of *firms*, which are inherently nonpersonal entities, economists assume that the goal of behavior is *profit maximization*. Profit maximization is really just a special case of utility maximization in which pecuniary gain is emphasized and nonpecuniary factors are ignored.

The assumption of rationality implies a *consistency* of response to general economic incentives and an *adaptability* of behavior when those incentives change. These two characteristics of behavior underlie predictions about how workers and firms will respond to various incentives.¹

The Models and Predictions of Positive Economics

Behavioral predictions in economics flow more or less directly from the two fundamental assumptions of scarcity and rationality. Workers must continually make choices, such as whether to look for other jobs, accept overtime, move to another area, or acquire more education. Employers must also make choices concerning, for example, the level of output and the mix of machines and labor to use in production. Economists usually assume that when making these choices, employees and employers are guided by their desires to maximize utility or profit, respectively. However, what is more important to the economic theory of behavior is not the *particular* goal of either employees or employers; rather, it is that economic actors weigh the costs and benefits of various alternative transactions in the context of achieving *some* goal or other.

One may object that these assumptions are unrealistic and that people are not nearly as calculating, as well informed about alternatives, or as amply endowed with choices as economists assume. Economists are likely to reply that if people are not calculating, are totally uninformed, or do not have any choices, then most predictions suggested by economic theory will not be supported by real-world evidence. They thus argue that the theory underlying positive economics should be judged on the basis of its *predictions*, not its assumptions.

The reason we need to make assumptions and create a relatively simple theory of behavior is that the actual workings of the labor market are almost inconceivably complex. Millions of workers and employers interact daily, all with their own sets of motivations, preferences, information, and perceptions of self-interest. What we need to discover are general principles that provide useful insights into the labor market. We hope to show in this text that a few forces are so basic to

¹For articles on rationality and the related issue of preferences, see Gary Becker, "Irrational Behavior and Economic Theory," *Journal of Political Economy* 70 (February 1962): 1–13, and three articles in the *Journal of Economic Literature* 36 (March 1998): Matthew Rabin, "Psychology and Economics," 11–46; Jon Elster, "Emotions and Economic Theory," 47–74; and Samuel Bowles, "Endogenous Preferences: The Cultural Consequences of Markets and Other Economic Institutions," 75–111. Also see Richard H. Thaler, "From Homo Economicus to Homo Sapiens," *Journal of Economic Perspectives* 14 (Winter 2000): 133–141.

EXAMPLE 1.1**Positive Economics: What Does It Mean to “Understand” Behavior?**

The purpose of positive economic analysis is to analyze, or understand, the behavior of people as they respond to market incentives. But in a world that is extremely complex, just what does it mean to “understand” behavior? One theoretical physicist put it this way:

We can imagine that this complicated array of moving things which constitutes “the world” is something like a great chess game being played by the gods, and we are observers of the game. We do not know what the rules of the game are; all we are allowed to do is to watch the playing. Of course, if we watch long enough, we may eventually catch on to a few of the rules. The rules of the game are what we mean by fundamental physics. Even if we know every rule, however . . . what we really can explain in terms of those rules is very

limited, because almost all situations are so enormously complicated that we cannot follow the plays of the game using the rules, much less tell what is going to happen next. We must, therefore, limit ourselves to the more basic question of the rules of the game. If we know the rules, we consider that we “understand” the world.^a

If the behavior of nature, which does not have a will, is so difficult to analyze, understanding the behavior of people is even more of a challenge. Since people’s behavior does not mechanistically follow a set of rules, the goal of positive economics is most realistically stated as trying to discover their behavioral tendencies.

^aRichard T. Feynman, *The Feynman Lectures on Physics*, vol. 1, 1963, by Addison-Wesley.

labor market behavior that they alone can predict or explain many of the outcomes and behaviors observed in the labor market.

Anytime we attempt to explain a complex set of behaviors and outcomes using a few fundamental influences, we have created a *model*. Models are not intended to capture every complexity of behavior; instead, they are created to strip away random and idiosyncratic factors so that the focus is on general principles. An analogy from the physical sciences may make the nature of models and their relationship to actual behavior clearer.

A Physical Model Using simple calculations of velocity and gravitational pull, physicists can predict where a ball will land if it is kicked with a certain force at a given angle to the ground. The actual point of landing may vary from the predicted point because of wind currents and any spin the ball might have—factors ignored in the calculations. If 100 balls are kicked, none may ever land exactly on the predicted spot, although they will tend to cluster around it. The accuracy of the model, while not perfect, may be good enough to enable a football coach to decide whether to attempt a field goal. The point is that we usually just need to know the *average tendencies* of outcomes for policy purposes. To estimate these tendencies, we need to know the important forces at work, but we must confine ourselves to few enough influences so that calculating estimates remains feasible. (A further comparison of physics and positive economics is in Example 1.1.)

An Economic Model To really grasp the assumptions and predictions of economic models, we consider a concrete example. Suppose we begin by asserting that being subject to resource scarcity, workers will prefer high-paying jobs to low-paying ones *if* all other job characteristics are the same in each job. Thus, they will quit low-paying jobs to take better-paying ones if they believe sufficient improvement is likely. This principle does not imply that workers care only about wages or that all are equally likely to quit. Workers obviously care about a number of employment characteristics, and improvement in any of these on their current job makes turnover less likely. Likewise, some workers are more receptive to change than others. Nevertheless, if we hold other factors constant and increase only wages, we should clearly observe that the probability of quitting will fall.

On the employer side of the market, we can consider a similar prediction. Firms need to make a profit to survive. If they have high turnover, their costs will be higher than otherwise because of the need to hire and train replacements. With high turnover, they could not, therefore, afford to pay high wages. However, if they could reduce turnover enough by paying higher wages, it might well be worth incurring the added wage costs. Thus, both the utility-maximizing behavior of employees and the profit-maximizing behavior of firms lead us to expect low turnover to be associated with high wages and high turnover with low wages, other things equal.

We note several important things about the above predictions:

1. The predictions emerge directly from the twin assumptions of scarcity and rationality. Employees and employers, both mindful of their scarce resources, are assumed to be on the lookout for chances to improve their well-being. The predictions are also based on the assumptions that employees are aware of, or can learn about, alternative jobs and that these alternatives are open to them.
2. We made the prediction of a negative relationship between wages and voluntary turnover by holding other things equal. The theory does not deny that job characteristics other than wages matter to employees or that employers can lower turnover by varying policies other than the wage rate. However, keeping these other factors constant, our model predicts a negative relationship if the basic assumptions are valid.
3. The *assumptions* of the theory concern individual behavior of employers and employees, but the *predictions* are about an aggregate relationship between wages and turnover. The prediction is *not* that all employees will remain in their jobs if their wages are increased but that *enough* will remain for turnover to be cut by raising wages. The test of the prediction thus lies in finding out if the predicted relationship between wages and turnover exists using aggregate data from firms or industries.