

### The October Review

This issue is rather like a chance meeting of second cousins—the articles are related, but only distantly, and, indeed, may never have met each other if it weren't for a coincidence. María E. Enchautegui focuses on the impact of international immigration on the wages of high school dropouts. She finds that the comparative wages of immigrant versus native-born high school dropouts did not change much overall in the 1980's, but that the earnings gap increased substantially in areas of high immigration. In Los Angeles, for example, immigrants make up nearly three-quarters of workers without a high school degree and their real wages fell at 10 times the rate of wages for native dropouts.

The international branch of the family tree is also represented by William Alterman's comparison of the international price program's export price index with the producer price index. Although there are some superficial similarities between these two data series, Alterman finds that their differing scopes, weighting structures, and methodologies make them at best mediocre proxies for each other.

The price index branch of the family is also represented in Gregory G. Kelly's exploration of techniques for keeping the samples used to calculate the producer prices for prescription pharmaceuticals current and representative of that unique industry. The prescription drug business is marked by frequent product innovation, tight regulation of new products, and very different pricing dynamics for new compared with old products. The Bureau of Labor Statistics regularly updates its sampling and survey methodologies to deal with these issues and improve the index.

### Talking versus walking

Exhortations to "Walk the walk not just talk the talk" are a staple of management training. Sandra E. Black and Lisa M. Lynch have found, oddly enough, that

there is some scientific justification for the cliché. A central finding of their National Bureau of Economic Research working paper *How to Compete: The Impact of Workplace Practices and Information Technology on Productivity* is that "it is not so much what you say you do, but how you do it that matters."

Their analysis finds that the most important aspects of how high performance work systems are implemented are allowing greater employee voice in decision-making and extending any profit-sharing systems to non-managerial workers. Thus, walking the walk on empowerment and gainsharing is what appears to matter most for productivity.

### The Canadian contingent

Almost 1.3 million Canadian workers described their main job as "non-permanent" in the Survey of Work Arrangements (SWA) conducted by Statistics Canada in November 1995. These workers accounted for about 11 percent of Canada's work force at the time. In an article appearing in *Perspectives on Labour and Income*, Lee Grenon and Barbara Chun state that non-permanent work arrangements encompass more than the stereotype of "temps," and that temporary help agency workers actually made up a very small share of those with non-permanent jobs.

In the SWA, the distinction between "permanent" and "non-permanent" applied strictly to the job, and not to the intentions of the incumbent worker. Jobs that are not permanent will end on a predetermined date or as soon as a specified project is completed. Grenon and Chun found that job permanency was related to average weekly earnings, but not to average hourly rates of pay (once other characteristics were held constant). Thus, they concluded, "Job permanency does not seem to be related to an employee's hourly rate of pay, but rather to the number of hours usually worked in a week." Read-

ers may wish to consult the October 1996 *Review* to compare these findings to those of series of articles on the topic of contingent work in the United States.

### Distributed wealth

While the distribution of income and the idea that income is becoming more unequally divided have gotten the lion's share of attention, the distribution of wealth is unambiguously more concentrated and arguably less well understood. John C. Weicher investigates wealth and its distribution over the most recent business cycle in an article appearing in the Federal Reserve Bank of St. Louis' *Review*. He found, quite uncontroversially, that mean household wealth increased during the economy's expansion between 1983 and 1989, then declined during the slowdown and contraction between 1989 and 1992. At the completion of the full cycle, average real household wealth had increased by about 5 percent to \$190,100 in 1992.

Weicher's findings on trends in the distribution of wealth were more surprising. He writes, "To the extent that the distribution of wealth became more unequal during the long economic expansion from 1983 to 1989, it was reversed during the recessionary period from 1989 to 1992; over the full economic cycle, the distribution of wealth did not change." In fact, Weicher finds little evidence that wealth has become any more concentrated than it was in 1962. Given that income has become steadily more unequal over most of the period since the mid-1960s, Weicher allows that there is a seeming paradox at work that should receive research attention.

### The November Review

Next month's *Monthly Labor Review* will be a special issue on the Bureau of Labor Statistics' projections of employment and the labor force in the year 2006. □