International comparisons

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Six of the papers presented at the symposium dealt with the use of linked data sets for international comparisons. Two described the data collection procedures in individual countries—the first, for the United Kingdom, and the second, for the Czech Republic. Two others addressed the difficulties involved in integrating data on employers and employees from the member countries of the European Union. The final two papers used employer and employee data on job flows and job turnover in formal econometric analyses.

Four of the papers were from representatives of statistical agencies that collect labor market data. Two gave very useful suggestions on how to harmonize data collection across member countries of the European Union. For analysts who are interested in working on comparable microdata—on workers and firms—across countries, the experience provided by the presenters is invaluable. The hope is that statistical agencies in other countries might learn from the suggestions presented and attempt to harmonize their surveys with those in the European countries as well.

A major concern of the authors of each of the four papers from the statistical agencies was a series of definitional questions: how to define a job, unemployment, and so forth. They want to be able to assign people and firms to boxes and to generate an integrated system of labor accounts. This is not a term that most researchers will be familiar with. Statistical agencies would like to ensure that their estimates from employer and employee surveys overlap as much as possible. The idea is to assure the public that the published data are believable. It would seem that problem of tracing very small or new firms to keep up-to-date sampling frames would severely complicate these efforts.

The problem of creating adequate sampling frames was well illustrated in the paper on the Czech Republic. In the early 1990s, the Czech Republic was transforming itself into a capitalist country, and there was such a rapid change in the number and size of firms that it proved almost impossible to generate a meaningful sampling frame. As an illustration, in the 1980s, about 1 percent of the Czech labor force was self-employed, but by 1996 that number had risen to more than 20 percent.

Over time, many other national labor markets also have become more complex. There has been a considerable growth across the whole of the Organization for Economic Cooperation and Development (OECD) in the proportion of young people who both attend school and work. Double-counting individuals who have two jobs or who are employees in their main activity but are self-employed in a second job is likely to cause further problems. This makes establishing a consistent set of labor accounts extremely difficult.

The last pair of papers involved econometric analyses of data. One showed the difficulties of reconciling data on worker flows using establishment, firm, and worker data separately. Useful insights can be obtained by extending the analysis to involve data that match workers to their employer. The final paper used establishment-level data to examine job turnover across a number
of OECD countries. Unfortunately, consistent patterns in the data across countries are hard to find, despite gallant attempts to make the country data files comparable. As an example, measured job turnover is actually higher in Sweden, New Zealand, France, Canada, and Australia than it is in the United States. This is likely to come as a surprise to those who equate the flexibility of U.S. labor markets with high turnover, and the inflexibility of European markets with low turnover.

Perhaps even more surprising is that measures of turnover appear to be un-correlated with macroeconomic variables such as the unemployment rate. In a number of circumstances the correlation has the opposite sign than would have been predicted. It remains unclear if this finding is driven by inconsistencies in the way the data are derived or if there really are no systematic differences across countries. If one had consistently defined worker-employer matched data across countries, where the data were collected in a consistent way, it might well be possible to show that labor markets in countries with certain kinds of policies worked more efficiently than those with other types of policies. All one can say at the moment is that the jury is still out on whether it is good or bad to have high job or worker turnover.

As far as this writer could tell from the four papers from statistical agencies, they had no obvious need to actually link employer and employee. From the researchers’ perspective, establishing a system of labor accounts does not take us very far in understanding how the labor markets actually work. Conferences such as this one present a unique opportunity for the researchers to explain to those who collect the data why they want access to matched employer-employee data, and to demonstrate that there is a payoff in improved understanding from the substantial expenditure that is involved in careful matching. Collecting and presenting the numbers in a consistent way is an essential complement to the work of the researcher, but in itself is not going to help us better understand labor market problems.

How can our understanding of how labor markets work be improved? It is necessary to get at both the firm and the workers’ behavior. We need to move beyond inferring motives for particular types of behavior and begin to observe the behavior itself. We need to find out what is happening at the workplace by talking directly to the principal actors—the owners, customers, debtors, creditors, managers, and workers. It would be desirable to complement establishment-level data with detailed interviews with managers, and to group establishments together to constitute the firm. The purpose would be to examine the decision making process and the internal and external factors influencing it. Does having a management team trained at Harvard give you better performance than having one trained at Dartmouth’s Amos Tuck School or MIT’s Sloan School? We have little or no idea. Also, there is an argument for conducting interviews with workers and their families. Apart from things like schooling and industry, we might like to know about their consumption behavior, their use of time, and their aspirations, so that these kinds of information can be matched to worker and firm data to help us get at behavior.

There is much to be learned from international comparisons, especially in macroeconomics, where the big questions are. During the 1990s, there has been a dramatic rise in the availability of microdata on both individuals and households across a whole array of countries. Many countries have CPS-type surveys; unfortunately only a few make those data available publicly.
The Eurobarometer survey series conducted in the member countries of the European Union and the International Social Survey Programme both run the same survey in a variety of countries. Long time runs of these data series are now available (from 1973 in the former case, and from 1985 in the latter). The World Bank’s Living Standards Measurement Study and the Luxembourg Income Study are other programs that provide broadly comparable microdata files across many countries.

There are even comparable panel surveys of individuals available across countries, including the National Longitudinal Survey in the United States, the British Household Panel, and the German Socio-Economic Panel. There also are one or two examples of establishment surveys being conducted across countries. The best examples of these are the British Workplace Industrial Relations Survey and the Australian Workplace Industrial Relations Survey, which have similar sample designs and ask broadly similar questions.

Participants at the conference learned that matched worker-firm data already are available from France, Denmark, the Netherlands, Italy, the United Kingdom, and Norway. While it remains unclear how internationally comparable these surveys are, a start obviously has been made.