

DAVID CARD

JOHN BATES CLARK MEDALIST

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David Card has largely defined and developed the currently dominant methodology in applied labor economics. This approach sets out a testable hypothesis, searches for exogenous variation in the key determinants, and leads to the labor- and time-intensive development of an appropriate data base. He has successfully applied this methodology to the most important issues in labor economics, and his research papers have achieved the status of standard references in many areas.

Card's analysis of a carefully constructed data set on Canadian union contracts led to important insights on labor demand. His 1990 paper in the *American Economic Review* used unanticipated inflation and differences in indexing as sources of exogenous changes in real wages. He identified a downward-sloping demand curve for labor and showed that unexpected changes in real wages have led to persistent wage changes in unionized sectors.

Card's recent book with Alan Krueger, *Myth and Measurement: The New Economics of the Minimum Wage*, analyzes the impact of increases in the minimum wage on employment in California and in the food industry in New Jersey and Pennsylvania. Card and Krueger conclude that employment changes are small after an upward revision in the minimum wage. This finding has already stimulated a substantial body of new research in labor economics.

Card has also made pathbreaking contributions to research on labor supply through his studies of immigration, schooling, and subsidized training programs. He has analyzed the impact of migration by studying the impact of the Mariel boatlift on the Miami labor market in his 1990 paper in the *Industrial and Labor Relations Review*. His study of the CETA program with Daniel Sullivan, published in *Econometrica* in 1988, provided evidence of an increase in the probability of employment after program participation.

Card's studies of the effects of school quality on earnings with Krueger, published in the *Journal of Political Economy* and the *Quarterly Journal of Economics* in 1992, have traced out substantial impacts of school quality on subsequent earnings. Their research has also attributed a considerable portion of the convergence of black-white male wage differentials between 1960 and 1980 to changes in school quality.

Card rejected standard models of bargaining in his 1986 paper in the *American Economic Review* by analyzing the impact of airline deregulation on unionized wages and employment. Card has also tested models of strikes, using a sample of collective-bargaining agreements for Canadian manufacturing, in his 1990 paper in the *Quarterly Journal of Economics*. His research supports a model of strikes based on information asymmetries.

In summary, David Card's research is distinguished by a high degree of econometric sophistication and the development of new and highly relevant empirical data. His findings have initiated revaluations of important issues in labor demand and supply and the impacts of unionization. His pioneering development of natural experiments has inspired a new generation of empirical labor economists. The John Bates Clark Medal for 1995 is awarded to Card in recognition of these impressive achievements.