

KEVIN MURPHY

JOHN BATES CLARK MEDALIST

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Kevin Murphy is a brilliant economist whose skills span the full range of the discipline. He is a superb data analyst and econometrician who has provided a definitive description of fundamental labor-market phenomena such as wage differentials and patterns of unemployment. While his research is motivated by concrete economic problems and directed at understanding empirical issues, he is a gifted and original theorist. His work on economic growth reveals a penetrating intuition and a deep understanding of the mathematical structure of economics. He has been awarded the John Bates Clark Medal in recognition of his wide-ranging contributions to economics.

Wage inequality has received as much attention as any topic in labor economics during the past decade. Murphy's contributions to this field, reported in 18 published articles, are thorough, revealing, and pathbreaking. He was among the first to document the rise in wage differences among groups, to attribute the change to a shift in the demand for skill, and to show that inequality had also increased within groups. His studies of wage inequality are complemented by important work on patterns of unemployment.

Murphy's contributions to the study of wage inequality began with an exhaustive description of the radical changes in relative wage structures that took place during the early 1980's. ("The Structure of Wages," with F. Welch, 1992, in the *Quarterly Journal of Economics*). Murphy adopted a simple, but extraordinarily revealing, metric for describing changes in wage inequality through trends in wage quantiles ("Wage Inequality and the Rise in the Return to Skill," with C. Juhn and B. Pierce, 1993, in the *Journal of Political Economy*). He provided illuminating calculations of plausible ranges for changes in the time path of the demand for skill ("Changes in Relative Wages 1963–1987," with L. Katz, 1992, in the *Quarterly Journal of Economics*).

Murphy documented the fact that widening wage differences among groups were accompanied by increasing inequality within groups ("Wage Inequality and the Rise in the Returns to Skill," with C. Juhn and B. Pierce, 1993, in the *Journal of Political Economy*). He originated full-sample distribution accounting, a method for decomposing the sources of change in inequality and successfully applied this technique to show that the slowdown in convergence of black–white wage differentials reflected changes in the demand for skill ("Accounting for the Slowdown in Black–White Wage Convergence," with C. Juhn and B. Pierce, in M. Koster, ed., *Workers and Their Wages*, 1991).

Murphy provided the facts with which theories of unemployment must contend ("The Evolution of Unemployment in the United States: 1968–1985," with R. Topel, 1987, in the *NBER Macroeconomics Annual*). He showed that the increase in U.S. joblessness from the 1960's to the 1980's was concentrated among the less skilled, paralleled the decline in wages of these workers, and was accompanied by a decline in labor-force participation ("Why Has the Natural Rate of Unemployment Increased Through Time," with C. Juhn and R. Topel, 1991, *Brookings Papers on Economic Activity*).

While Murphy's research on wage inequality and unemployment is data-oriented and empirical, his original and influential work on economic growth is mainly theoretical. He has pursued the implications of increasing returns in economic development ("Industrialization and the Big Push," with A. Shleifer and R. Vishny, 1989, in the *Quarterly Journal of Economics*). He has successfully confronted a central question in economic growth since Malthus by showing how an economy can make the transition from high fertility, low growth, and low human-capital intensity to low fertility, high growth, and high levels of educational attainment ("Human Capital, Fertility, and Economic Growth," with G. Becker and R. Tamura, 1990, in the *Journal of Political Economy*).