

TABLE IV  
THE EFFECTS OF UNMEASURED LABOR QUALITY<sup>a</sup>

Industry	(1) Fixed Effects Unadjusted for Measurement Error	(2) Fixed Effects Adjusted for Measurement Error I <sup>b</sup>	(3) Fixed Effects Adjusted for Measurement Error II <sup>c</sup>	(4) Levels
Construction	.063 (.033)	.098 (.060)	.174 (.060)	.174 (.024)
Manufacturing	.028 (.031)	.055 (.058)	.107 (.058)	.064 (.022)
Transportation and Public Utilities	.019 (.035)	.060 (.059)	.049 (.059)	.114 (.024)
Wholesale and Retail Trade	-.042 (.031)	-.068 (.056)	-.125 (.056)	-.133 (.023)
Finance, Insurance and Real Estate	.027 (.036)	.017 (.061)	.018 (.061)	.035 (.025)
Services	-.040 (.032)	-.088 (.056)	-.128 (.057)	-.079 (.023)
Mining	.067 (.004)	.122 (.057)	.142 (.058)	.156 (.040)

<sup>a</sup> Data set is three matched May CPS's pooled together: 1974-1975, 1977-1978, and 1979-1980. Sample size is 18,122. Levels are 1974, 1977, and 1979 data pooled. Results of the 1975, 1978, and 1980 sample are qualitatively the same. Controls for fixed effects regressions are change in education and its square, change in occupation, 3 region dummies, change in union membership, experience squared, change in marital status, year dummies, and a constant. Controls for level regressions are the same as Table I plus year dummies.

<sup>b</sup> Adjustment I assumes 3.4 per cent error rate and that misclassifications are proportional to industry size. See Appendix for description.

<sup>c</sup> Adjustment II assumes average error rate is 3.4 per cent and misclassifications are allocated according to employer-employee mismatches. See Appendix for description.