tion and Class-I Railroads in the U.S., 1947-1963," *Econometrica,* July/October 1968). About 25 years ago, I approached Rosen at a conference and told him that any one of his papers was deeper and contained more insights than the sum of everything I had written up to that date. He gave me a hurt look and protested that I had gotten it all wrong. He and I did different things, he said; the empirical policy-related research that I did was very important, and what I did, I did very well. His words have stayed with me all these years and kept me focused on doing what I do.

I was not Rosen's student, I was never a colleague of his in the same university, and I never wrote a paper with him—yet he was a mentor to me. I know that many other labor economists of my generation and later ones feel exactly the same way. If you read the papers in *Markets and Diversity* you will understand why.

Ronald G. Ehrenberg
Irving M. Ives Professor of
Industrial and Labor Relations
and Economics, Cornell University
Director, Cornell Higher Education
Research Institute

Human Resources, Management, and Personnel

Labor Exchange Policy in the United States. By David E. Balducchi, Randall W. Eberts, and Christopher J. O'Leary. Kalamazoo, Mich.: W. E. Upjohn Institute for Employment Research, 2004. 295 pp. ISBN 0-88099-303-0, $45.00 (cloth); ISBN 0-88099-302-2, $20.00 (paper).

Many years have passed since anyone has distilled in one place what is known about labor exchange policies, programs, and practices in the United States. Given the dramatic changes that have taken place in labor markets, worker demographics, work force institutions, and technology over the past several decades, a serious reexamination of labor exchange such as that provided by *Labor Exchange Policy in the United States* is past due. This volume is part of an Upjohn Institute triptych updating our understanding of three key pillars of human resource development policy as articulated in 1973 by Frederick Harbison in *Human Resources as the Wealth of Nations* (Oxford University Press): maintenance, utilization, and development. *Unemployment Insurance in the United States,* by Christopher O'Leary and Stephen Wandner (Upjohn, 1997), addressed maintenance, and *Job Training Policy in the United States,* by Christopher O'Leary, Robert Straits, and Stephen Wandner (Upjohn, 2004) tackled development. The present volume, an edited collection of chapters on labor exchange, examines the utilization of the work force. Together, these volumes represent an important addition to the library of any policy analyst interested in work force development.

For the uninitiated, labor exchange encompasses such key functions as providing job seekers with labor market information and bringing them together with employers to facilitate good employer/employee exchanges or "matches." The latter is often referred to as "job brokering." Over the years, labor exchange has generally drawn less attention and fewer resources than have other work force policy components. Funding for public labor exchange has declined steadily and substantially over the past few decades, falling by over one-third in real terms, even as labor markets and the challenges faced by employers and job seekers have become far more daunting.

The book's contributors—an interesting mix of leading researchers and practitioners with extensive domestic and international experience—offer readers a comprehensive examination of modern labor exchange policies, programs, and practices in this country and do a solid job of placing them in context. This is no mean feat and is one that could have taken many more pages to accomplish. The contributors offer a great variety and range of views, from the conceptual and empirical to the historical and comparative.

Randall Eberts and Harry Holzer start off by providing an essential historical overview of labor exchange in the United States and its changing mission over the years. They relate labor exchange to the ways that job seekers now search for work and employers now find workers. Neil Ridley and William Tracy offer a more detailed look at labor exchange services and how they have changed over the years, with particular insights into self-service tools for job search. They also explain how labor exchange services relate to services provided through the new breed of work force intermediary organizations and one-stop career centers under the Workforce Investment Act (WIA) of 1998, both of which have entered the exchange business. One-stops are both competitors and collaborators, offering core and core-assisted services—

including both self-directed job search assistance and various forms of labor market information—that are quite similar to basic labor exchange. Ironically, this shift began in the mid-1990s when USDOL/ETA began giving states and local areas grants funded by national Employment Service (ES) funding to develop and implement one-stop shops for work force services. The ES typically is part of local one-stops and co-located with WIA providers, but this is not always the case.

David Balducchi and Allison Pasternak present a very detailed and insightful analysis of changing federal/state relations in labor exchange policy. While such an analysis might be unexciting to some, it is important for understanding the current policy debate on the status of labor exchange as national policy-makers wrangle with WIA reauthorization and the proper roles of federal, state, and local governments, as well as of employers and individual job seekers.

Two chapters in the book bring different perspectives to some important performance-related issues. David Smole's chapter addresses performance measurement and management of labor exchange, a particularly useful discussion given the current push to implement "common measures" for most federally funded work force development programs. Christopher O'Leary conducts an exhaustive survey of the evaluation literature on labor exchange, concluding that such services generally tend to be effective and inexpensive. Unfortunately, as he notes, labor exchange evaluations have not used experimental methods with random assignment except where UI recipients have been targeted, largely due to the fact that labor exchange—like WIA core services—is a service open to all customers, making a true experiment inappropriate and unethical. USDOL/ETA is currently evaluating the effectiveness of self-directed services, which will soon add to this literature.

James Woods and Pam Frugoli document the impact that a number of USDOL/ETA efforts have had on programs and practices, extending well beyond changes in labor exchange *policy*. In fact, in the 1990s USDOL/ETA actively worked to create improved information and to foster the adoption of more powerful tools for using information, often through multi-state researcher/practitioner partnerships—such as the America's Labor Market Information System (ALMIS) initiative. In large part the aim was to assist individuals and employers in making their own labor exchanges using the Internet. The effects of the Internet on job search and worker screening and hiring practices are still emerging and not fully understood. This chapter is a useful start.

The reviewer's responsibility to identify weaknesses is hard to satisfy in this case. It might be argued that the authors' discussions sometimes delve too much into the seemingly arcane minutiae surrounding the evolution of federal/state policy for labor exchange. For example, one lengthy chart shows, step by step, the painful negotiations that led to the resolution of the control of ES in Michigan. This chart serves a useful purpose, however, illustrating the nature of federal/state relationships in labor exchange and how they have been changing recently. Oddly enough, my main quibble may be that the book's title is too modest. It suggests that this is a volume dealing exclusively with domestic labor exchange policy when, in fact, it provides extensive information on labor exchange activities and services and their relationship to related policies (for example, training under WIA), as well as a comparative discussion of these policies and practices in the United States and selected OECD countries in the chapter by Douglas Lippoldt and Melvin Brodsky.

At this time, it is not at all clear which direction the Administration and Congress will take with labor exchange policy. There is a very strong push to end the ES funding stream altogether and simply offer labor exchange–type services through one-stop centers and the WIA system. Others argue strongly for maintaining the ES. In the final chapter, David Balducchi, Randall Eberts, and Christopher O'Leary sort through the various positions on labor exchange policy in light of lessons learned from the book's contributors. They conclude that "government will continue to be engaged in efforts to link education, economic development, and employment. Likewise, the role of labor exchange services may continue to expand as new public and private intermediaries are brought into the work force development system." Whichever way policy-makers ultimately decide to go with respect to labor exchange, they should do so only after carefully reading this book.

Christopher T. King
Mike Hogg Professor of
Urban Management and
Director, Ray Marshall Center for
the Study of Human Resources
Lyndon B. Johnson School of
Public Affairs
University of Texas at Austin