Referee Report for the Paper

The Growth of Low-Skill Service Jobs and the Polarization of the US Labor Market

*Quach Thu Huyen**

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1 Summary

As specified in the title, this paper focuses on the changes of the Labor Market in the US, particularly on the growth of low-skill service occupations in comparison with low-skill non-service ones.The spatial eliquibrium model applied provided 4 main empirical implications, in which local labor markets with great initial specialization in routine tasks are likely to experience (i) Greater adoption of information technology and its replacement for labor of routine tasks, (ii) Greater reallocation of low-skill workers from routine task-intensive occupations to service ones(i.e., employment polarization); (iii) Larger increases in wages for both high-skill abstract and low-skill manual labor (i.e., wage polarization) and (iv) Larger net inflows of both high- and low-skill labor attracted by these demand shifts.

2 Major Comments

Generally, I am satisfied with the way the authors conducted the research and the results they found, if it comes only to Job Polarization and non-wage-related conclusions. The model and production functions are fairly simple and comprehensible, all four implications gained from the spatial eliquibrium model are important, yet still weak regarding the wage issues. The collection and usage of data are clever and satisfying, enabling them to cover a pretty long and continuos period (1980 -2005).The main topic (Task Approach and Job Polarization) is relevant in many developed countries, and their findings are able to well explain the significant impact of the declining manufacturing sector.

However, there are still some points that I am not totally convinced.

2.1. In the paper, we can see that they frequently mention both Job and Wage Polarization, and assuming themselves that there is rapid rise in both employment and wages in service sector. However, the data they use is barey related to wage, in other word, they are lack of wage data, thus their third implication about wage polarization is comparatively weak. As shown in the formula (12) and (13), theoretically there is wage inequality leading to wage polarization, but their regression does ot really rely on wage. If they also want to emphasize wage as well as job, possibly they might want to complement the data they have with some wage information, and show it in their regression.

2.2. Although their data collection is impressive to some extents, I think it should be more detailed. It is kind of general to analyze "Computer-using Workers" at state-level,

*Student No.: 173E607E

leading to the larger-than-expected scale of the data. My suggestion is that instead of state-level, it should be better if they look into firm-level analysis.

2.3. Policy Issue may also be a part of their implications. They are suggesting "a critical role for changes in labor specialization, spurred by automation of routine task activities, as a driver of rising employment and wage polarization". Their findings are obviously a hint for policy-makers, but implication of policy should be clearly stated and needed changes should aslo be proposed.