

At a meeting of the Faculty of Arts and Sciences on October 7, 2014, the following Minute was spread upon the records.

JAMES LAWRENCE MEDOFF

Born: May 13, 1947

Died: September 15, 2012

James Medoff, Meyer Kestnbaum Professor of Labor and Industry, was a farsighted labor economist who spent his entire career at Harvard. His scholarly contributions expanded the vision of his field. He was also a dynamic classroom lecturer and a much loved mentor. Struck in his late thirties with a progressively debilitating disease, he gradually curtailed his activities but heroically resisted giving them up altogether. He finally stopped teaching after thirty-three years at the front of Harvard classrooms. He died four years later. His colleagues miss him, as do generations of Harvard students.

Jim grew up in Woonsocket, the scion of a distinguished Rhode Island mill-owning family. In lecturing on labor issues, he enjoyed recounting how in his teen years he had worked on a factory floor – then adding, as if in afterthought, that his grandfather owned the factory. Along with his hulking frame, his direct, forceful manner of speech gave him an aura of authenticity when he addressed issues concerning shopfloor workers.

Labor economics, when Jim entered it, had moved away from the interest in institutions and job creation that characterized earlier scholars like Harvard's John Dunlop, to focus largely on the behavior and objectives of workers. Jim recognized that the *demand* for labor also mattered, and that relegating the behavior of *employers* to other fields left labor economics unable to achieve a satisfactory analysis of matters even as central to it as wages and wage differentials.

Jim's earliest work took just this approach to studying labor unions. How could firms whose workforce was unionized pay higher wages and still compete? The answer was that unions made firms more productive: grievance procedures reduced turnover, fringe benefits strengthened workers' commitment, and firms forced to pay higher union wages were forced to manage more efficiently. This research, especially his book *What Do Unions Do?* (with colleague Richard Freeman), attracted widespread interest outside the academic world – and intense attack from anti-union business interests. Although the role of unions in the American economy has since diminished, the findings have continued to be influential. The work also brought a host of new graduate students into labor economics.

In a parallel line of research, which led to his book *Employers Large and Small* (with Charles Brown and James Hamilton), Jim asked how large firms could pay more than smaller ones. The answer again lay in superior productivity, and hence the required research focused on the behavior of not just workers but firms. Again, the work was controversial – in this case opposed by the “small business” lobby.

In another important line of research, the starting point was that most workers' wages rise with their length of service – a pattern not unfamiliar to members of Harvard's faculty. But is this increase over time due to increasing productivity? With apology to the sensitivities of older colleagues, the answer is generally no. What Jim proposed instead was an "implicit contract" in which younger workers accept being underpaid in return for benefits to be received, with some probability, in future years. This work was novel both in its argument and in using data from firms' personnel records never before subjected to statistical analysis.

Some of Jim's work in labor economics had impact well beyond the field. In the 1980s Jim revived interest in the relationship between the number of workers without jobs and the number of jobs without workers. If a particular unemployment rate always corresponded to the same percentage of jobs unfilled, then for purposes like assessing inflationary pressures looking at either unemployment or vacancies would give the same answer. But Jim showed that the relationship curve had shifted. The issue became crucial for U.S. policy when the 1990s economic expansion pushed unemployment below 5 percent and many economists urged policymakers to raise interest rates to avoid renewed inflation. Jim, looking instead at vacancies, argued that there was little danger. Federal Reserve policymakers sided with Jim. In retrospect, he – and they – got it right. One practical difficulty in carrying out this research was that the United States at that time had no direct data on job vacancies. (Jim's research inferred vacancies from help-wanted advertising.) In part as a result of his findings, in 2000 the government started collecting and publishing directly measured job vacancy data.

Jim's work was often distinctive in method as well. He worked with large data sets before the era of "big data," when the available technology was far different than today. Jim was meticulous in his use of data, insisting on knowing where and how each series originated. For many researchers he was the person to consult about any of the standard, publicly available data sets. But he also looked for new data obtained directly from companies' personnel files, pioneering what economists today call "administrative data."

In his later years Jim's interests expanded beyond labor economics. His book *The Indebted Society* (with Andrew Harless) examined the dangers of America's rising debt level. Although this work preceded the mid-2000s mortgage bubble, it anticipated the borrowing at the root of the 2007-2009 financial crisis.

Despite his advancing illness, which in time confined him to a wheelchair, Jim remained a dynamic and popular classroom lecturer. His courses were consistently well attended and well received. His standard question was "So what?" Even when presenting standard textbook material he made it speak to the real world and his argument forced students to think critically. He wanted economics to be put to use improving the lives of working men and women. In the same spirit, Jim continually challenged students to whom he was a mentor to "think bigger." He had little patience for play-it-safe research programs. What mattered was stirring the pot on some big-picture question.

Despite his herculean efforts, in time Jim's disease prevailed. He taught his last class in the spring of 2008. He died in 2012. His son, Justin, and daughter, Susanna, of whom he was enormously proud and to whom he was devoted, survive him, as do the countless Harvard students who were intellectually his children as well.

Respectfully submitted,

Gary E. Chamberlain
Andrew Harless (Ph.D., Harvard)
Lawrence H. Summers
Benjamin M. Friedman, Chair