



## Award Statement

2010 Prize Winner

Francine D. Blau

**Institute for the Study of Labor**

Institut zur Zukunft der Arbeit

phone: +49 (228) 3894-0

fax: +49 (228) 3894-180

e-mail: [prize@iza.org](mailto:prize@iza.org)

web: [www.iza.org/prize](http://www.iza.org/prize)

IZA Prize Committee

**Prof. George A. Akerlof, Ph.D.**

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IZA

**Prof. Richard Portes, Ph.D.**

London Business School; President CEPR; IZA

**Prof. Jan Svejnar, Ph.D.**

University of Michigan, Ann Arbor; IZA

**Prof. Dr. Klaus F. Zimmermann**

IZA; University of Bonn

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## Award Statement of the IZA Prize Committee

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The 2010 IZA Prize in Labor Economics is awarded to Francine D. Blau (Cornell University) for her seminal contributions to the economic analysis of labor market inequality. Professor Blau has written extensively on the role of women in the labor market and on gender differences in pay and many other aspects of economic life. Her work has profoundly shaped the view of scholars and policymakers on the causes and consequences of gender differences in economic outcomes, and on policies for advancing women's labor market position and well-being.

From the very beginning of her academic career, Francine Blau's work has concentrated on issues related to gender and inequality. In her first book, "Equal Pay in the Office" (published in 1977), she was one of the first scholars to study gender differences in labor market outcomes using detailed micro-level data on the occupational level. This approach allowed her to assess the relative importance of a wide range of potential causes for gender pay differentials, such as differences in qualifications between men and women, differences in the returns to skills, occupational segregation, and labor market discrimination. Her pioneering results were also published in the book "The Economics of Women, Men, and Work" (with Marianne Ferber), which has since become a standard textbook for scholars interested in gender issues in the labor market. In a later study with Lawrence Kahn, published in the *Journal of Economic Perspectives* in 2000, Francine Blau documented that the gender pay gap has narrowed since the 1970s. Their analysis shows that this change is attributable to a reduction in occupational segregation, whereby new cohorts of younger women have started to enter traditionally male dominated occupations, which tend to be better paid than jobs in predominantly female occupations. Despite this trend, her work has shown that there is little reason for euphoria: although the overall gender pay gap has decreased somewhat over time, the share of this gap that is unexplained by differences in qualifications and skills is increasing. This phenomenon may be due to labor market discrimination and the fact that women are still primarily responsible for childcare and housework duties, which in turn lowers women's labor market attachment and limits their employment opportunities. Policies aimed at facilitating the integration of work and family responsibilities are therefore essential to ensure more equal opportunities for men and women in the labor market.

In a series of papers with Lawrence Kahn, Francine Blau has further shown that gender inequality in pay is closely related to differences in labor market institutions. A comparative analysis for several OECD countries reveals that in about half of the countries studied, the gender pay gap is smaller than in the United States. According to Professor Blau, gender-specific factors, such as female qualification levels, labor market participation and occupational segregation by gender, could not explain why the U.S. does not perform better in an international comparison, since these factors are often more favorable than in other countries. Instead, her evaluation shows that country differences in gender pay gaps are intimately linked to the level of wage dispersion in a country (*American Economic Review*, 1992). In a later co-authored paper in the *Journal of Political Economy* (1996), Francine Blau investigates how the relationship between gender wage gaps and the degree of wage dispersion in a country can be explained by differences in labor market institutions. Compared to other countries, union coverage and the minimum wage are rather low in the U.S. Both centralized pay-setting institutions tend to reduce wage variation across firms and industries. The lack of such institutions in the U.S., where wages are more likely to be determined at a decentralized level, creates a much larger wage penalty for those with lower qualifications. Hence,

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the study shows that higher rewards to skills, rather than gender differences in skill levels as such, are among the main reasons for the relatively large gender pay gap in the U.S. compared to other industrialized countries with a more condensed wage distribution.

Apart from her ground-breaking work on gender and inequality, Francine Blau has also published influential studies on various other topics in labor economics, such as migration and racial discrimination. For instance, in her 1984 paper in the *Industrial and Labor Relations Review*, she challenged the prevailing view that immigrants constitute a burden on the U.S. welfare system by showing that, when controlling for all relevant characteristics, immigrant households are actually less likely to rely on social assistance than native households. Her sensitivity to fairness, which sparked her interest in gender inequality, also led to an important contribution in the area of racial discrimination, where she showed in a joint paper with Andrea Beller that black women performed better than black men in terms of annual earnings and estimated wages, but that both lagged behind compared to the earnings and wages of whites (*Review of Economics and Statistics*, 1992).

Francine Blau is a strong advocate of equity in the labor market. However, her work on gender differences in pay and labor market outcomes is not only inspired by a firm conviction in fairness. She also believes that social welfare can be maximized when all productive resources, including human labor resources, are fully utilized. In this respect, discrimination by gender implies a waste of otherwise equally skilled labor and hence lower economic efficiency. This strong belief in equity and efficiency is not only expressed in her published work, but also in her active role in various professional organizations and committees, such as the American Economic Association's Committee on the Status of Women in the Economics Profession (CSWEP). Searching for ways to reduce the under-representation of women in economics at the tenured level, she published an article in the *American Economic Review* (2010) in which she shows that mentoring programs for female assistant professors have positive effects on female academic productivity, and as such may help promote women's advance in the profession.

For almost four decades, Francine D. Blau has brought gender differences in the labor market to the attention of the public, both in her impressive body of research as well as through her professional activities in numerous institutions. The IZA Prize in Labor Economics 2010 honors this pioneering work, which has laid the foundation for more equality and equity in the labor market.

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*George A. Akerlof*

*Marco Caliendo*

*Richard Portes*

*Jan Svejnar*

*Klaus F. Zimmermann*

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**I Z A**

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**Institute for the Study of Labor**  
**Institut zur Zukunft der Arbeit**

P.O. Box 7240  
53072 Bonn, Germany

Director:  
**Prof. Dr. Klaus F. Zimmermann**