

Nobel for research on wages, jobs

U.S. based economist showed that higher minimum wages do not hurt hiring

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The Nobel prize for economics was awarded on Monday to U.S.-based economist David Card for pioneering research that showed an increase in minimum wage does not lead to less hiring and that immigrants do not lower pay for native-born workers, challenging commonly held ideas.

The prize was shared with two others for creating a way to study these types of societal issues.

Canadian-born Dr. Card of the University of California, Berkeley, was awarded one half of the prize for his research on how minimum wage, immigration and education affect the labour market, while the other half was



Laurels galore: (from left) Guido Imbens, Joshua Angrist, and David Card, who won the Nobel Prize for economics. •AFP

shared by Joshua Angrist from the Massachusetts Institute of Technology and Dutch-born Guido Imbens from Stanford University for their framework for studying issues that can't rely on traditional scientific methods.

'Reshaped research'

The Royal Swedish Academy of Sciences said the three have "completely reshaped empirical work in the eco-

nomics sciences."

Together, the three helped rapidly expand the use of "natural experiments", or studies based on the observation of real-world data. Such research made economics more applicable to everyday life, provided policymakers with actual evidence on the outcomes of policies, and in time spawned a more popular approach to economics, epitomised by the bestseller *Freakonomics* by Stephen Dubner and Steven Levitt.

In a study published in 1993, Dr. Card looked at what happened to jobs at fast-food restaurants Burger King, KFC, Wendy's and Roy Rogers when New Jersey raised its minimum wage from \$4.25 to \$5.05, using restaurants in bordering eastern Pennsylvania as the control – or comparison – group.

Contrary to previous studies, he and his research partner Alan Krueger, who died in 2019, found that an increase in the minimum wage had no effect on the number of employees.

Dr. Card's minimum wage research fundamentally altered economists' views of such policies.

Sveriges Riksbank Prize in Economic Sciences is given in memory of Alfred Nobel and is popularly (but incorrectly) known as Nobel Prize for Economics.

As it is not one of the five Nobel prizes that Alfred Nobel established in his will in 1895, it is not a Nobel Prize.

It was created in 1968 by a donation from Sweden's central bank Sveriges Riksbank to the Nobel Foundation to commemorate the bank's 300th anniversary and includes a 10 million Swedish kronor award money — roughly Rs 8.33 crore

It is officially titled the "Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel".

About

NOBEL PRIZE IN ECONOMICS

Context

Three US-based economists won the 2021 Nobel prize for economics for pioneering research on the labour market impacts of minimum wage, immigration and education, and for creating the scientific framework to allow conclusions to be drawn from such studies that can't use traditional methodology.

Details

Canadian-born David Card of the University of California, Berkeley, was awarded one half of the prize for his research on how minimum wage, immigration and education affect the labour market

Other half was shared by Joshua Angrist from the Massachusetts Institute of Technology and Dutch-born Guido Imbens from Stanford University for their framework for studying issues that can't rely on traditional scientific methods.