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Award Statement

2014 Prize Winner

Gary S. Fields

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The 2014 IZA Prize in Labor Economics is awarded to U.S. economist Gary S. Fields (Cornell University) for his outstanding contributions on the importance of efficient labor markets and stable employment for poverty reduction and the economic development in low- and middle-income countries. Fields established indicators such as poverty, inequality and income mobility as primary measures of economic development, revolutionizing traditional economic thinking about measuring development. He made fundamental contributions to our understanding of how labor markets function in developing countries.

Fields' groundbreaking book "Working Hard, Working Poor: A Global Journey" (2012) illustrates that the global poverty is a problem of the quality of employment; not, as widely believed, a matter of high unemployment rates, which are often lower in low- and middle-income countries than in high-income countries. A key problem is the lack of social insurance systems. Given that many jobs in developing countries are unstable and earnings are extremely low, people are unable to overcome the status of "working poor" and thus remain in poverty even when employed. Fields' policy recommendations aim at increasing the level and security of wages for employees and self-employed by incentivizing investments in the private sector, growth and international trade, and by providing the necessary skills and business know-how to stimulate labor demand. In this respect, Fields also shows the shortcomings of previous development aid, which had not sufficiently targeted labor market needs.

Gary Fields has worked on labor markets in developing economies since the beginning of his career and played a crucial role in renewing the then-established understanding of economic development. In his early studies ("Who Benefits from Economic Development?", *American Economic Review*, 1977; "Poverty, Inequality and Development", 1980), he already made the case for approaching economic development using earnings structures, the distribution of productive activities and other less aggregated factors. Fields formulated the core question for development economists as: who benefits how much from economic development and why? He emphasized the use of poverty and inequality measures as primary indicators of the progress of development. Fields' approach was challenging and novel at that time. The conventional approach in economic research had been to ask whether a specific type of distributional pattern promotes or hinders growth. Fields turned this approach upside down and called on economists to analyze how the rate and type of growth helps or hinders distributional goals.

In 2002 he published the equally successful book "Distribution and Development: A New Look at the Developing World". Given the extensive

amount of data made available in the meantime, Fields was able to consider an additional factor next to poverty and inequality to measure economic development: income mobility.

In addition to development economics, Fields has worked on topics such as pensions, social insurance and welfare, and workplace organization. His contributions in these fields are also highly regarded and significant.

Gary Fields is Professor of Economics and the John P. Windmuller Professor of International and Comparative Labor at Cornell University, USA. He has been an Ivy League teacher and professor for more than forty years. After receiving his Ph.D. in economics from the University of Michigan, he became an assistant professor at Yale University at age 25 and an associate professor at age 29. Two years later, he took up a tenured professorship at Cornell University. He published more than 150 books and scientific articles mainly in the area of development economics. Fields also has extensive consulting experience for such organizations as the World Bank, the Inter-American Development Bank, the International Labor Organization (ILO), the United Nations and various national governments. Fields joined the IZA network as a Research Fellow in 2007 and has been cooperating closely with IZA ever since.

The 2014 IZA Prize in Labor Economics honors the outstanding contributions of a unique scholar, who has fundamentally shaped our understanding of labor markets in the developing world, helping policymakers tackle one of today's most pressing tasks – the reduction of global poverty and inequality.

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