

Faculty Profile: Jeremy Magruder



Jeremy Magruder
Assistant Professor -
UC Berkeley -

Jeremy Magruder joined the faculty of the Department of Agricultural and Resource Economics at UC Berkeley as an assistant professor in July 2007. Jeremy earned his Ph.D., M. Phil., and M.A. in Economics at Yale University, after completing his B.A. in Economics at Michigan State.

Jeremy's dissertation, "Unemployment, AIDS, and Schooling Decisions in South Africa," included three essays on the economic challenges facing South Africa. His job market paper, "Intergenerational Networks, Unemployment, and Persistent Inequality," which was published in the *American Economic Journal (AEJ): Applied Economics* in 2010, used panel data on young adults in Cape Town. He asked whether parents were important network connections for their children in South Africa—a context where jobs were very scarce.

Using shocks to labor demand in parents' industries, he found evidence

that fathers were very useful in helping their sons find work, with father connections explaining up to one-third of all jobs found by their sons. Daughters, however, did not benefit similarly from their mothers.

Other work in his dissertation included the paper, "Marital Shopping and Epidemic AIDS," which was published in *Demography* in 2011. This evaluated the performance of a variety of behavioral and epidemiological models of the HIV epidemic under two criteria: biological plausibility and ability to explain a strong pattern in ages of infection observed in South Africa—where older women (and older men, to a lesser extent) appeared to be insulated from HIV infection.

He found that many of the behaviors emphasized in the policy and academic discourse struggled to predict this second criteria. In contrast, a simple model of serially monogamous dating-and-marriage both generated very high levels of prevalence and suggested that risk of infection at different ages should closely resemble the infection patterns in South Africa.

Since joining the faculty at UC Berkeley, Jeremy has focused the majority of his research on understanding the barriers to employment in developing countries. In addition to the role of social networks detailed in this issue of *ARE Update* and his dissertation, another series of papers looks at the role of labor regulations on employment.

One paper, "High Unemployment Yet Few Small Firms: The Role of Centralized Bargaining in South Africa," which is forthcoming in the July 2012 *AEJ: Applied Economics*, focuses on centralized bargaining in South Africa. According to centralized bargaining regulations, unions and firms can choose

to extend the labor standards that they agree upon to workers and firms who are not unionized. This particular regulation has often been blamed for South Africa's anemic small firms sector, as small firm owners claim that large firms agree to higher labor standards than they otherwise would to drive out competition from small firms who wouldn't ordinarily have to pay union wages.

Utilizing variation in the geographic coverage of different agreements in different industries at different times, Jeremy has found strong evidence that these agreements were raising wages and reducing employment when present. Effects on small firms were particularly large, suggesting that the complaints of small firm owners may have been relevant. Ultimately, he estimated that these agreements could increase unemployment by about a percentage point—a large effect.

Jeremy lives in Oakland and loves the amenities of the Bay Area, including proximity to great hiking, restaurants, and the wine country. He has even found the high-quality restaurants nearby to be academically productive: in a recent paper with colleague Michael Anderson (forthcoming in the *Economic Journal*), Jeremy explored the effects of Yelp.com ratings on the presence of available tables in San Francisco.

Jeremy Magruder is an assistant professor in the Department of Agricultural and Resource Economics at University of California, Berkeley. He can be contacted by e-mail at jmagruder@berkeley.edu.