In 2014 the Society of Labor Economists presented the Sherwin Rosen Prize to Enrico Moretti for outstanding contributions in the field of labor economics.

Moretti received his PhD from UC Berkeley in 2000 and has been Professor of Economics there since 2008. Prior to that, he was an assistant professor at UCLA, a visiting scholar at Columbia University, Stanford and Yale, and a Social Worker in the city of Cassano Magnano in Italy. Among many commendations, he has won the IZA Young Scholar Prize, the Carlo Alberto Medal, and the William Bowen Prize for his book The New Geography of Jobs for making the most important contribution toward understanding public policy and the labor market.

Moretti’s research career has been broad, deep and prolific (and rife with collaborations with many leading scholars, not specifically credited here). Moretti’s early and influential work, stemming from his thesis, estimated the social returns to higher education at the level of cities and at the level of plants. Moretti’s 2004 American Economic Review paper is the first to simultaneously estimate human capital externalities in both productivity and wages. This is a uniquely powerful test, and is arguably the best evidence we have on this important economic phenomenon – which has implications for education policy, urban policy, and even personnel economics.

The research on human capital externalities has given rise to at least three sub-branches of Moretti’s agenda, all of which have had positive spillovers (externalities if you will) onto one another. One body of work assesses the evidence for agglomeration economies—using large plant openings in the case of one famous paper, and in a more recent study, using the creation of the Tennessee Valley Authority in 1933 to study the very long run effects of local economic development.

A second branch that ‘spins off’ from the spillovers research is Moretti’s research on peer effects, which includes two particularly creative studies, one on peer effects in grocery store bagging (which exploits the fact that baggers may be facing either towards or away from their more productive peers), and the other on workers’ reactions to knowledge of their coworkers’ salaries.

The convergence of the work on human capital externalities, peer effects, and geographic spillovers has organically led Moretti to advance the study of ‘Place Based Policies’ – that is, economic policies directed at investing in locations rather than people or sectors. Perhaps the culmination of this work to date is his Annual Review of Economics paper on the welfare economics of local economic development and his intriguing and accessible popular economics book, The New Geography of Jobs. One cannot help but admire how Moretti successfully produces frontier economics research while simultaneously communicating his ideas to lay and
policy audiences. It surely helps a great deal that Enrico is also an excellent writer (in English(!)—and we presume in Italian as well).

Alongside this corpus of work on externalities, peers and places, Moretti has written lovely papers on topics as diverse as the role of party versus voter preference in determining the roll-call votes of elected representatives, the intergenerational transmission of human capital, the impact of compulsory education on political participation and crime, the consequences of pollution for health, the role of children’s gender in household formation, the scope of corruption in the U.N. Oil for Food Program, and the social waste induced by the fixed commission structure of the U.S. Real Estate Industry.

In short, Enrico Moretti’s breadth, energy and creativity have enlivened the study of labor economics and made our entire field look more ingenious and broad-mined as a result. The Society of Labor Economists is delighted to honor Enrico with the Sherwin Rosen Prize.

2014 Nominating Committee:
David Autor (chair)
Marianne Bertrand
Bentley MacLeod
Sarah Turner
John van Reenen