HUMAN CAPITAL AND THE VALUE OF HUMAN LIFE

How to Carve a Medical Degree: Human Capital Assets in Divorce Settlements, by Severin Borenstein and Paul N. Courant (University of Michigan).

This paper examines effects of the legal rules for property division at divorce on investment in human capital during marriage. We show that current rules generally lead to suboptimal levels of investment and spousal support or to a new rule that performs better than the existing rules on both efficiency and equity criteria and that requires no more information than the existing rules. *The American Economic Review,* Vol. 79, No. 5 (December 1989), pp. 992–1009. (Reprinted with permission of *The American Economic Review*).

FACULTY COMPENSATION

The Effect of Collective Bargaining on Salaries in Higher Education, by Debra A. Barbezat (Amherst College).

Using data from 1977 survey of faculty from 158 U.S. colleges and universities, the author estimates that the proportional salary advantage to unionized faculty members was typically less than two percent. That differential varied considerably, however, with the length of time the institution had been organized. In addition, unionization increased the return to seniority and decreased the return to several measures of merit, including number of publications and general post-degree experience. *Industrial and Labor Relations Review,* Vol. 42, No. 3 (April 1989), pp. 443–55. (Reprinted with permission of the *Journal of Economic Literature*).

EMPLOYEE BENEFITS

Fringe Benefits: Should We Milk This Sacred Cow?, by Robert W. Turner (Colgate University).

Employer-provided fringe benefits continue to receive preferential tax treatment even though many other tax preferences were removed by the Tax Reform Act of 1986. Lately, with renewed concern about the size of the federal government budget deficit, economists and policymakers have been looking covetously at the 9 percent or so of total compensation paid in the U.S. in the form of fringes. This paper analyzes whether we should try to get some milk from this sacred cow. The effect on revenue of taxing fringe benefits is addressed first, followed by a section that sets out the equity and efficiency aspects of the debate. Next, evidence about two key issues - whether taxing fringe benefits would lead to a dramatic decrease in the share of compensation paid in the form of fringes and whether the level of total compensation is affected by the tax free status of fringe benefits - is summarized. The final section includes some conclusions and my recommendations. *National Tax Journal,* Vol. 42, No. 3 (September 1989), pp. 293–300. (Reprinted with permission of the *National Tax Journal*).