

Referee report on

Gianluca Gucciardi (2014). The Italian Wage Curve Reloaded. Does Occupation Matter?. Economics Discussion Papers, No 2014-44, Kiel Institute for the World Economy. <http://www.economics-ejournal.org/economics/discussionpapers/2014-44>

This paper deals with the estimation of a wage curve for Italian data, emphasising the role of occupational divides.

My first point about this paper is that we should be given a proper and explicit justification as to the interest of its topic. Is there labour market segmentation in Italy along the lines suggested by the Author (blue collars, white collars, etc.)? Would a different segmentation be more meaningful (private vs. public sector? Education levels? Male vs. female?). Nothing is said in the paper about this, notwithstanding a rather long (and pretty uninformative) review of the literature. My opinion is that several cuts of the sample could be justified and should be compared. As it stands now, the empirical analysis of the paper is not very informative and does not look very robust. An additional point is that I do not understand well the use of the post-1993 variable. What do “total” and “post-1993” estimates mean? Ideally one should use a post-1993 dummy in the 1977-2008 estimates, and eventually also split the estimation period in two sub-periods (previous and subsequent to the institutional change). I do not understand if this is what the Author actually does. At any rate, as explained for instance in Destefanis et al. (*Rivista Internazionale di Scienze Sociali*, 2005), no institutional change occurred in 1993 for either self-employed or entrepreneurs. Estimates providing evidence of a different kind should be regarded with some suspicion.

Secondly, Destefanis and Pica (2010) highlight (on the same dataset) some major differences between the results obtained with hourly and other (monthly or annual) wages. Here no such comparison is carried out, which once again provokes doubts as to the robustness of the analysis.

Finally, more attention should be paid to the estimation procedures. It is not clear at all that OLS+some fixed effects (the econometric workhorse of this paper) is good enough. First of all, the few controls (gender, education, etc.) included in the estimates may be complemented by other information available in the SHIW. Also, one should go beyond OLS to get more efficient estimates (following e.g. Bell et al., 2002). Furthermore, what is the sense of replicating these estimates with varying numbers of controls? Much better to include all the available controls in estimates for different cuts of the sample (as suggested above). Finally, when using individual fixed effects, the other controls should be withdrawn (lest some strange results be obtained, as is actually the case). The Author should seriously consider these possible alternatives to the (very simple) estimation procedures adopted in the paper.

MINOR POINTS:

The English of the paper should be thoroughly checked and amended. There are some awkward colloquial expressions (see, e. g., at p. 10: “Let me now look at the unemployment rate, our second key variable.”), as well as some plainly wrong sentences (see, e.g. at p. 16: “did not seem to be occurred for none of professional categories”). Sometimes, the main variable is called “salary”, the Concluding Remarks are termed Conclusive Remarks, and so on.

More generally, the paper is unduly long. Sections 1 and 2 are very prolix (and deal with some extremely well known points; they should instead deal with the issues I highlight in my first remark). Section 3 is too long: estimation on micro data needs not to be justified (as done on p. 9), and the datasets are very well known in the literature. Sections 4 and 5 should also be shortened (much of the descriptive evidence in Tab. 2 and 3, and in all the figures, is of very little interest). Finally, Section 6 lacks focus (as it does not rely on the – highly needed –

justification of various cuts of the original sample, and a proper comparison of the results obtained with the previous literature).