

The Economics of the Labor Market Discrimination

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This course introduces the tools used by economists to analyze discrimination, focusing primarily on race discrimination in the U.S. labor market, but it will also touch on sex discrimination and some studies from other countries. It assumes a solid background in economic theory and econometrics. We will study both theoretical and empirical papers, with the intention of offering a survey of the field. One theme will be modeling. Another will be how empirical work is performed and how it guides and is guided by theory.

Requirements and Evaluation: You will write a referee report on the following paper:

Kuhn, Peter and Kailing Shen, "Do employers prefer migrant workers? Evidence from a Chinese job board," *IZA Journal of Labor Economics*, 4: 22 (2015). <https://doi.org/10.1186/s40172-015-0038-0>

The report is due at the beginning of our last class. I hope that we will have time to discuss this paper in class after you have handed in your reviews. So it is essential that the reviews be completed and handed in on time.

There is no single 'formula' for a report but most typically it begins with a short summary of the paper followed by an overall assessment. The bulk of the report is devoted to more detailed criticism, including an explanation of any important contributions, but focuses on larger issues (e.g. concerns about the identification strategy). Especially for stronger papers, it is also common to have a minor comments section (spelling mistakes, poorly constructed sentences); you are welcome to include such a section, but it is not necessary. You do not need to include a letter to the editor or a summary judgment regarding suitability for publication, but you are welcome to pretend that the report is for the *Journal of Labor Economics* if you so wish

Readings: Given the short duration of the course, I have limited the reading list to some of the key papers in the area. Despite my efforts to keep the reading list short, if there is too much for you to read in a single week, you should use your judgment about how many and which papers to read in preparation for the class and which you wish to read after I have discussed them at least briefly in class.

Rough Timing of the Course

Lecture 1	Race Discrimination Racial disparities Taste-based models of race discrimination
Lecture 2	Search based models of race discrimination
Lecture 3	Statistical models of race discrimination
Lecture 4	Rational stereotyping and other models
Lecture 5	Black-white test score gap
Lecture 6	Sex discrimination

A Useful? Review Paper

Lang, Kevin and Jee-Yeon K. Lehmann, "Racial Discrimination in the Labor Market: Theory and Empirics," *Journal of Economic Literature*, 50 (December 2012): 959-1006.

1. Racial Disparities

a. Wage Differentials

Neal, Derek A., and William R. Johnson. 1996. "The Role of Premarket Factors in Black-White Wage Differences." *Journal of Political Economy*, 104(5): 869-95.

Neal, Derek. 2004. "The Measured Black-White Wage Gap Among Women is Too Small," *Journal of Political Economy*, 112(1): S1-28.

b. Hiring/Unemployment

Bertrand, Marianne, and Sendhil Mullainathan. 2004. "Are Emily and Brendan More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination." *American Economic Review*, 94(4): 991-1013.

2. Taste-Based Models

Black, Dan, "Discrimination in an Equilibrium Search Model," *Journal of Labor Economics*, 13 (April 1995): 309-334.

Lang, Kevin, Michael Manove, and William T. Dickens, 2005, "Racial Discrimination in Markets with Announced Wages," *American Economic Review*, 95:4 pp. 1327-40.

3. Statistical Discrimination

List, John A., 2004, "The Nature and Extent of Discrimination in the Marketplace: Evidence From the Field," *Quarterly Journal of Economics*, 119:1 pp 49-89.

Lang, Kevin and Michael Manove, "Education and Labor Market Discrimination," *American Economic Review*, 101(4) (June 2011): 1467-1496.

Coate, Stephen and Glenn C. Loury. 1993. "Will affirmative-action policies eliminate negative stereotypes?" *American Economic Review*, 83(5): 1220--1240.

Li, Huailu, Kevin Lang and Kaiwen Leong, "Does Competition Eliminate Discrimination? Evidence from the Commercial Sex Market in Singapore," *Economic Journal*, 128(611), (June 2018): 1570-1608.

4. Differential Standards/Treatment

Dylan Glover, Amanda Pallais and William Pariente, "Discrimination as a Self-Fulfilling Prophecy," *Quarterly Journal of Economics*, 132 (August 2017): 1219-1260.

5. The Black-White Test-Score Gap

Bond, Timothy N. and Lang, Kevin, "The Evolution of the Black-White Test Score Gap in Grades K-3: The Fragility of Results," *Review of Economics and Statistics*, (December 2013): 1468-79.

Bond, Timothy N. and Lang, Kevin, "The Black-White Education-Scaled Test Score Gap in Grades K-7," *Journal of Human Resources*, 53(4), (Fall 2018): 891-917.

Fryer, Roland G. And Torelli, Paul, "An Empirical Analysis of 'Acting White'," *Journal of Public Economics*, 94 (June 2010): 380-96.

6. Sex Discrimination in the Labor Market

a. Trends and Differentials

Goldin, Claudia, "A Grand Gender Convergence: Its Last Chapter," *American Economic Review*, 104(4), (April 2014): 1091-1119.

Blau, Francine D. and Lawrence M. Kahn, "The Gender Wage Gap: Extent, Trends, and Explanations," *Journal of Economic Literature*, 55(3), (September 2017): 789-865.

b. Evidence of Discrimination

Goldin, Claudia and C. Rouse. "Orchestrating Impartiality: The Impact of Blind Auditions on the Sex Composition of Orchestras." *American Economic Review*, 90 (September 2000): 715-41.

(optional) Kuhn, Peter and Kailing Shen, "Gender Discrimination in Job Ads: Evidence from China," *Quarterly Journal of Economics*, (2013) 128 (1): 287-336.

c. Sex Discrimination: Theory and Some Related Evidence

Francois, Patrick, "Gender Discrimination without Gender Difference: Theory and Policy Responses," *Journal of Public Economics*, 68(1), (April 1998): 1-32.

(optional) Delgado Hellester, Miguel, Peter Kuhn and Kailing Shen, "The Age Twist in Employers' Gender Requests: Evidence from Four Job Boards," *Journal of Human Resources*, forthcoming, available at <http://jhr.uwpress.org/content/early/2018/10/11/jhr.55.3.0416-7836R2>

Leonardo Bursztyn, Thomas Fujiwara, and Amanda Pallais, "Acting Wife': Marriage Market Incentives and Labor Market Investments" NBER Working Paper 23043, 2017.