**Econ 401 Senior Seminar: The Economics of Discrimination** Fall 2023

MWF 11:00

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Office Hours: TTh 1:30-4:00 pm. You are welcome to stop in other times as well. You may make an appointment, but appointments are not necessary.

This is the “capstone” class for the economics major. Having taught you some economics, we now ask you to apply your skills to researching a particular topic. You have learned the tools of economics, and you can now apply those tools and do what economists do: use economic theory and empirical evidence to answer a question of interest. This is not a class where most of the learning occurs through lectures; instead this class is designed to allow you to explore the topic through discussion of readings and presentation of your own research. Review for comps will be a distinct portion of the class.

The topic for this seminar is discrimination. Recently discrimination has received a good deal of attention, in public policy and in firms. We will explore how to define and measure discrimination, and we will look at the evidence on differences by race and gender.

**Student Learnings Outcomes**

1. Students should be able to discuss and analyze journal articles, enhance oral communication skills by giving oral presentations, and use relevant concepts to address economic issues.

2. Students should be able to collect and analyze, identify patterns and associations in economic data and be able to use Stata and MS Excel as analytical tools for empirical analysis.

3. Students should be able to conduct independent research on economic issues and write a rigorous empirical research paper.

In addition, the subject-matter goal for this course is that you will understand discrimination beyond the soundbite.

**Readings**

Class discussion of texts will be an important part of what we do. Most days there is a reading, which we will discuss in class. For this to work, you must do the reading, so I will assign homeworks. All the readings will be posted on Canvas.

**Assignments**

*1. Research Paper*

The most important assignment for this class is the research paper, which will involve analysis of data. The paper should be at least 2500 words (not counting tables and figures).

You should choose a topic related to discrimination. I am happy to talk to you about potential topics. You will have four preliminary assignments on the way to the final paper, including an oral presentation during the last two weeks of class.

*2. Essay*

While the main paper for this class will be quantitative, you will also write an essay of at least 1000 words that does one of the following tasks:

a. Advocate for or against a particular public policy.

b. Imagine you are a consultant and write a memo to a firm’s CEO about how they should structure their human resources to avoid discrimination.

*3. Exams*

There will be two exams during the semester, but no final exam.

*4. Data Labs*

To improve your data analysis skills and your Stata skills, there will be two data labs. My goal is for you to be able to carry out an empirical investigation from start to finish, including obtaining data, cleaning the data, running Stata, and interpreting the output.

*5. Homework and Participation*

You are expected to attend class, think carefully about the readings, and contribute to class discussions. I will use quizzes evaluate whether you are keeping up with reading, and these will count toward the participation grade.

Your grade will be based on the following formula:

Research Paper 50%

Topics and plan 3%

Literature review 7%

Preliminary data results 4%

Presentation 8%

Final Paper 28%

Essay 10%

Exam 1 10%

Exam 2 10%

Data Labs 5%

Participation 15%

Academic Honesty:

A student who is academically dishonest is claiming an advantage not available to other students. For Wabash policies, see https://www.wabash.edu/news/docs/AcademicHonestyGuide.pdf.

The use of generative AI without specific permission si a form of academic dishonesty. Such tools rob you of the opportunity to think deeply and develop your own ideas. Please talk with me if you have questions.

Academic Credit

This course complied with the Wabash College Academic Credit Policy. In addition to regular class meetings, direct faculty instruction takes place in this course through individual meetings.

**Outline and Readings**

A. Defining Discrimination

National Research Council, R. Blank, M. Dabady and C. Citro, eds., 2004, *Measuring Racial Discrimination*, National Academies Press, Ch. 3, “Defining Discrimination” pp. 39–54.

Kevin Lang, 2007*, Poverty and Discrimination*, Princeton Univ. Press, Ch. 10 “Discrimination: Theory”

Amanda Agan and Sonja Starr, 2018, “Ban the Box Criminal Records and Racial Discrimination,” *Quarterly Jnl. of Economics*, 133:191–235.

B. Measuring Discrimination

Andreas Schick and Richard Steckel, 2015, “Height, Human Capital, and Earnings: The Contributions of Cognitive and Noncognitive Ability,” *Jnl. of Human Capital*, 9:94-115.

Goldin, Claudia, 1990, *Understanding the Gender Gap,* Oxford Univ. Press, pp. 84–88.

Cecilia Rouse, "Gender Discrimination in the Labor Market" YouTube. https://www.youtube.com/watch?v=A3Nwi1VsF3o&list=PLZapTuSHtu-CeejcJGLVBLqNT-ipS0Idh

David Neumark, Roy Bank, and Kyle Van Nort, 1996, “Sex Discrimination in Restaurant Hiring: An Audit Study,” *Quarterly Journal of Economics*, 111:915-941.

Joyce Burnette, 2015, “The Paradox of Progress: The Emergence of Wage Discrimination in US Manufacturing,” *European Review of Economic History*, 19:128-148.

C. How Discrimination Works

Claude Steele and Joshua Aronson, 1995, “Stereotype Threat and the Intellectual Test Performance of African Americans,” *Journal of Personality and Social Psychology*, 69:797-811.

Dylan Glover, Amanda Pallais, and William Pariente, 2017, “Discrimination as a Self-Fulfilling Prophecy,” *Quarterly Journal of Economics*,

D. Gender

Claudia Goldin, 2021, *Career & Family: Women’s Century-Long Journey Toward Equity,* Princeton Univ. Press, Ch. 8 "Mind the Gap"

Muriel Niederle and Lise Vesterlund, 2007, “Do Women Shy Away from Competition? Do Men Compete Too Much?” *Quarterly Journal of Economics*, 122:1067-1102.

Valentin Bolotnyy and Natalia Emanuel, 2022, "Why Do Women Earn Less Than Men? Evidence from Bus and Train Operators", *Journal of Labor Economics* 40:283-323.

Ariel Binder and John Bound, 2019, "The Declining Labor Market Prospects of Less-Educated Men,” *Jnl. of Economic Perspectives,* 33(2):163-190.

E. Race

Derek Neal and William Johnson, 1996, “The Role of Premarket Factors in Black-White Wage Differences,*” Journal of Political Economy*, 104:869-895.

Goldsmith, Veum, and Darity, 1997, “The Impact of Psychological and Human Capital on Wages,” *Economic Inquiry*, 35:815-829

Bertrand and Mullainathan, 2004, "Are Emily and Greg More Employable than Lakisha and Jamal?” *American Economic Review*, pp. 991-1013

Roland Fryer, 2011, "Racial Inequality in the 21st Century: The Declining Significance of Discrimination" *Handbook of Labor Economics*, vol. 4b, Elsevier

Greg Clark, 2014, *The Son Also Rises,* Princeton Univ. Press, pp. 1–11 and ch. 4

William Collins and Marianne Wanamaker, 2022, “African American Intergenerational Economic Mobility since 1880,” *AEJ: Applied Economics,* 14:84-117.

Ellora Derenoncourt, 2022, “Wealth of Two Nations: The US Racial Wealth Gap 1860-2020” Griswold Center for Economic Policy Studies.

F. Policy

Freakonomics, 2020, "The Pros and Cons of Reparations" #427

https://freakonomics.com/podcast/the-pros-and-cons-of-reparations-ep-427/

Raj Chetty, David Deming, and John Friedman, 2023, "Diversifying Society's Leaders?" Non-Technical Research Summary

Derrik Hamilton, "How 'baby bonds' could help close the wealth gap" TED

https://www.ted.com/talks/darrick\_hamilton\_how\_baby\_bonds\_could\_help\_close\_the\_wealth\_gap

**Schedule Grid:**

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| --- | --- | --- |
| Date | Topic | Assignment |
| Aug. 23 | Introduction |  |
| 25 | Define Discrimination | National Research Council, 2004, Ch. 3 |
| 28 | Theories of Discrimination | Lang, 2007, Ch. 10 |
| 30 | Statistical Disc. | Agan and Starr, 2018, “Ban the Box” |
| Sept. 1 | Wage Gaps - Lab Day |  |
| 4 | Wage Gaps | Lab 1 |
| 6 | Height Premium | Schick and Steckel, 2015 “Height, Human Capital, and Earnings” |
| 8 | No class |  |
| 11 | Oaxaca Decomposition | Goldin, 1990, pp. 84-88 |
| 13 | Audit Studies | Lab 2, Rouse Video |
| 15 | Audit Studies | Neumark et.al. 1996, “Sex Discrimination in Restaurant Hiring” |
| 18 | Productivity Ratios | Burnette, 2015, "The Paradox of Progress" |
| 20 | Stereotype Threat | Steele and Aronson, 1995, "Stereotype Threat" |
| 22 | Self-Fulfilling Prophesies | Glover et. al., 2017, "Discrimination as a Self-Fulfilling Prophecy" |
| 25 | Implicit Bias Test |  |
| 27 | TEST ONE |  |
| 29 | Gender Wage Gap | Goldin 2021, *Career and Family*, Ch. 8 |
| Oct. 2 | Explaining the Wage Gap | Niederle and Vesterlund |
| 4 | Explaining the Wage Gap | Bolotnyy and Emanuel, 2022 "Why Do Women Earn Less than Men?" |
| 6 | Male LFP | Binder and Bound, 2019 "The Declining Labor Market Prospects" |
| 9 | Racial Wage Gap | Neal and Johnson, 1996, "The Role of Premarket Factors" |
| 11 | Racial Wage Gap | Goldsmith, Veum and Darity, 1997 "The Impact of Psychological and Human Capital" |
|  | FALL BREAK |  |
| 16 | Racial Hiring Discrimination | Bertrand and Mullainathan, 2004, "Are Emily and Greg More Employable?" |
| 18 | Education | Fryer, 2011, "Racial Inequality in the 21st Century" |
| 20 | No Class - Individual Appts | Topic/Research Plan Due |
| 23 | Intergenerational Income Elasticity | Clark, 2014, *The Son Also Rises,* pp. 1–11 and Ch. 4 |
| 25 | Occupational Persistence | Collins and Wanamaker, 2022 "African American Intergenerational Econ. Mobility" |
| 27 | Wealth Persistence | Derenoncourt, 2022, "Wealth of Two Nations" |
| 30 | TEST TWO |  |
| Nov. 1 | Policy - Reparations | Freakonomics #427 |
| 3 | Policy - Affirmative Action | Chetty 2023 |
| 6 | Policy - Baby Bonds | Darrick Hamilton video |
| 8 | Comps Review | Essay Due |
| 10 | Comps Review |  |
| 13 | Comps Review | Literature Review Due |
| 15 | Comps Review |  |
| 17 | No Class | Preliminary Results Due |
|  | THANKSGIVING BREAK |  |
| 27 | Comps Review |  |
| 29 | Presentations |  |
| Dec. 1 | Presentations |  |
| 4 | Presentations |  |
| 6 | Presentations |  |
| 8 | Presentations |  |
|  |  | Final Paper Due Noon |