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Project Proposal

For the remainder of this semester, I would like to build upon a project I began for two courses last semester and that I significantly built upon over the Winter Break. Next academic year, I will be beginning a Ph.D. in sociology. I can report, with a lot of excitement, that I have been admitted to Cornell, Yale, and the University of Michigan - Ann Arbor!! I hope for this paper to serve as the first paper that I submit for publication and I hope to submit this paper as soon as my first semester. I understand that there is quite a bit of work that I will need to do to make this paper publishable, but I think it has the potential and I would love your help in making it so.

Below I have listed, in a rough order of priority, what I would like to accomplish this semester. Please feel free to critique this list of priorities. I would love to hear what you think I ought to focus upon. In order for these priorities to be as clear as possible, I’m curious if you may have a chance to look through the draft of the paper I have included here. I would very much appreciate any insight you may have, particularly as that relates to the third point enumerated below.

I would like to remark that before moving forward on anything else I would like to confirm that the survey data that I am working with ­– the 2013 jointly sponsored World Bank and Open Society Institute Bulgarian Longitudinal Inclusive Society Survey – is of high quality. I would like to take an approach taken by Meyer, Mok, and Sullivan (2015) towards American survey data – namely the CPS March Supplement, the PSID, ACS, etc. – whereby aggregate transfer income reported in the surveys is compared to administrative data. Meyer, Mok, and Sullivan found that transfer income was vastly unreported across surveys in the United States. I fear that this may hold in Bulgaria as well and with the BLISS. I have attached this paper here as well.

The following to-do’s are roughly in order of priority.

1. Provide evidence about the extent to which the survey data used is representative. If it is found that the data is not very representative, determine whether there are subpopulation for which it is representative, namely Roma and non-Roma of working age and those who have been employed in the last 4 weeks. This may be included in an online appendix.
2. Expand the Blinder-Oaxaca decomposition to differences in employment and social transfer use between Roma and non-Roma.
3. Attempt to explain the unexplained portion of the Blinder-Oaxaca decomposition. Several avenues for this are the following:
   1. **Estimate the effect of social transfers on lower wages and employment:**

Ceteris paribus, if the wages of Roma are lower than non-Roma because of discrimination, then it is that likely that Roma households will see higher rates of means-tested government transfer benefits use even if a Roma wage earner is functionally the same as an non-Roma wage earner. Recall that Bulgaria social transfer programs, like most counties’ social transfer programs, contain very high implicit marginal taxes on labor (i.e. For every additional dollar in earnings when receiving government benefits, the size of the transfer payment one receives declines substantially.)

* 1. **Instrumental variable to identify labor market discrimination:**

Identify an instrumental variable to further decompose the unexplained portion of the Blinder- Oaxaca decomposition into the component that is the result of labor market discrimination versus the component that is not – this other component would be explained by structural discrimination, historical inequalities, and cultural factors.

* 1. **Instrumental variable to identify structural discrimination:**

Identify an instrumental variable or a proxy to explain the contribution of structural discrimination. This may be the most difficult route.

* 1. **Typical wage discrimination in the literature:**

Collect evidence of typical wage discrimination from elsewhere in the literature, particularly the typical size of wage discrimination. See how much of the gap between functionally identical Roma and non-Roma wage earners can be explained be these typical wage gaps.

* 1. **Estimate differences in elasticities:**

Using the full panel survey (i.e. all four survey from 2011 to 2013), estimate 1) wage and employment elasticities of labor supply and, if possible, 2) wage and employment elasticities of labor demand. Difference in employment and wage elasticities of labor demand can serve as evidence of difference in preference for work. If there are not differences in elasticities, this would provide stronger evidence that structural or employment discrimination explains the unexplained component of the Blinder-Oaxaca Decomposition.