

# Brad DeLong's Grasping Reality

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## Bahn & Stelzner: How Racial & Gendered Pay Discrimination Persists Under Monopsony in the United States—Noted

The old Chicago-school argument was that market pressures would not allow employers to discriminate—not unless their customers strongly and immediately demanded it. This was always subject to a critique: to the extent that market discipline was not immediate and absolute, market power gave running room to bad actors. Now come Kate Bahn and Mark Stelzner to point out that even good actors with market power will reflect, transmit, and amplify discrimination elsewhere in the system:

**Kate Bahn & Mark Stelzner:** *How Racial & Gendered Pay Discrimination Persists Under Monopsony in the United States* <https://equitablegrowth.org/how-racial-and-gendered-pay-discrimination-persists-under-monopsony-in-the-united-states/>: ‘There are many obstacles in finding a job... [that] inhibit workers from moving freely... and thus give employers monopsony power.... Because these obstacles more commonly confront women and non-White workers, employers have more power over such workers, which means employers can push their wages down more compared to White men.... These racialized and gendered wealth disparities reinforce discriminatory pay penalties.... Greater protections for collective action and a more pro-worker National Labor Relations Board... can limit the ability of employers to exploit workers based on their gender or race and ethnic backgrounds.... Wage disparities, and monopsony power more broadly, are moderated by workers’ ability to act collectively as a countervailing force, and that kind of worker power is a function of institutional supports for collective action.... A variety of factors intersect to result in discriminatory wage outcomes for workers along the lines of race, ethnicity, and gender, and likewise shows that a suite of policies in tandem that address these broad constraints would lead to more efficient outcomes and higher levels of social welfare... #noted #2020-07-16

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