Introduction

ECON 383: The Economics of Discrimination

Winter 2018

Reading

Lang chapter 10, sections 1 and 2 (pp 265-272)

What is discrimination?

We often observe different outcomes for different groups. Why?

1. People may be prejudiced against certain groups
2. People may have incomplete information about groups
3. Different groups may have different opportunities

Discrimination vs prejudice

Discrimination:

- "Treating people differently on the basis of their membership in a class"

Prejudice:

- "Dislike, distaste, or misperception based on innate characteristics"

Example

- Two people apply for the same job. The applicants are identical in every way except one is a member of class "A" and the other is a member of class "B"
- The manager (class "A") chooses hires the class "A" applicant
- Is there discrimination? Prejudice?

Example

- We observe that most firms in an industry hire type "A" workers over type "B" workers when both are available
- Is there discrimination? Prejudice?

Example

- Type B workers are statistically more likely to quit their jobs after 1 year. Knowing this, firms prefer to hire type A workers.
- Is there discrimination? Prejudice?

Uncovering discrimination

- It can often be very difficult to determine if discrimination (or prejudice) has occurred
- Sometimes the same outcomes can be created by different behaviors and attitudes

Segregation

- People may *sort* into different neighborhoods, jobs
- Type A people may live and work near other type A people
- Possible (but not likely) to have segregation without discrimination

Discrimination and prejudice in economics

- The discipline of economics has a long and complicated relationship with discrimination and prejudice
- Foundations in moral philosophy classical liberalism ("all **men** are created equal")
- White men are overly represented in the field

List of Nobel Memorial Prize laureates in Economics

The Nobel Memorial Prize in Economic Sciences, officially known as The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel (Swedish: *Sveriges riksbanks pris i ekonomisk vetenskap till Alfred Nobels minne*), is awarded annually by the Royal Swedish Academy of Sciences to researchers in the field of economic sciences.[1] The first prize was awarded in 1969 to Ragnar Frisch and Jan Tinbergen.[2] Each recipient receives a medal, a diploma and a monetary award that has varied throughout the years.[3] In 1969, Frisch and Tinbergen were given a combined 375,000 SEK, which is equivalent to 2,871,041 SEK in December 2007. The award is presented in Stockholm at an annual ceremony on December 10, the anniversary of Nobel's death.[4]

As of the awarding of the 2017 prize, 49 Nobel Memorial Prizes in Economic Sciences have been given to 79 individuals.[5] Up to 2007, nine awards had been given for contributions to the field of macroeconomics, more than any other category.[6] The institution with the most affiliated laureates in economic sciences is the University of Chicago, which has 29 affiliated laureates.[7]

The announcement of the 2008 Nobel Memorial Prize in Economic Sciences in Stockholm. The winner of the prize was Paul Krugman.

Contents

The "Dismal Science"

Thomas Carlyle, 1849:

> *Not a 'gay science', I should say, like some we have heard of; no, a dreary, desolate and, indeed, quite abject and distressing one; what we might call, by way of eminence, the dismal science...[economists] find the secret of this Universe in 'supply and demand', and reducing the duty of human governors to that of letting men alone*

- Unlike economists of the time, Carlyle believed "idle Black man in the West Indies [should be] compelled to work as he was fit, and to do the Maker's will who had constructed him"

American Economic Association, 1896

> *There lie at the root of all social difficulties or problems, racial traits and tendencies which make for good or ill in the fate of nations as well as of individuals.*

Economics today

Noah Smith, 2014, *Economics is a Dismal Science for Women*:

> *It's time for economics to acknowledge that it has a sexism problem and to fix it. The American Economic Association, and other powers that be within the profession, need to start working to make the field more welcoming to women*

[Wu, 2017](#)

- Analyzed posts from an internet forum popular with economists
- Used machine learning tools to classify posts as "male" or "female" based on the subject of the comment
- Rank the words that are most commonly associated with comments about men and comments about women

Warning: The next side contains sensitive content

Most "female"		Most "male"	
Word	Marginal Effect	Word	Marginal Effect
hotter	0.388	homosexual	-0.237
hot	0.285	homo	-0.228
attractive	0.260	philosopher	-0.204
pregnant	0.252	keen	-0.182
gorgeous	0.251	motivated	-0.171
beautiful	0.249	fieckers	-0.164
tits	0.247	slides	-0.160
lesbian	0.242	nordic	-0.156
bang	0.229	filling	-0.152
horny	0.224	textbook	-0.148
slept	0.224	adviser	-0.140
marry	0.221	fenance	-0.138
attracted	0.216	fiekers	-0.137
0,0	0.213	bowl	-0.136
cute	0.209	gay	-0.132
breasts	0.205	bench	-0.129
sexy	0.202	mountain	-0.128
pregnancy	0.195	humble	-0.124
dumped	0.194	iraq	-0.122
feminazi	0.189	rust	-0.121
feminist	0.187	amusing	-0.120
raped	0.185	speeches	-0.119
dated	0.184	affected	-0.119
cheerful	0.182	mere	-0.119
ugly	0.179	chill	-0.118
marrying	0.178	bugs	-0.118
blonde	0.175	rip	-0.113
crush	0.173	recession	-0.111
date	0.172	brilliant	-0.108

George Borjas, Harvard:

I personally find the forum refreshing. There's still hope for mankind when many of the posts written by a bunch of over-educated young social scientists illustrate a throwing off of the shackles of political correctness and reflect mundane concerns that more normal human beings share: prestige, sex, money, landing a job, sex, professional misconduct, gossip, sex, and putting down "reg monkeys," a subspecies of economists that cares little about conceptual issues and lives simply to run regressions.

This class

- We will use the tools and methods of economics to uncover the existence, causes, and consequences of discrimination
- We must acknowledge that some of the tools and methods were developed by deeply flawed individuals
- We will pay careful attention to the *assumptions* and *limitations* of the our methods
- It is important that we do not draw conclusions that are not supported by the data