

Undergrad level: BEPP 265 (1 CU)
MBA level: BEPP 765 (1 CU)
Economics of Diversity and Discrimination

This class will cover the economics of gender, race, and discrimination guided by economic theory and empirical evidence. Topics on gender will include workplace discrimination, policies to promote gender equality, the historical evolution of economic gender roles in the US, and initiatives to promote women's empowerment in developing countries. Topics on race will include an overview of historical economic exclusion and its consequences, the empirical measurement of discrimination, models of discrimination and their shortcomings, and how understanding hidden biases and historical barriers can increase firms' equity *and* performance.

This course is complementary with MGMT 224/624, and material will not overlap, so students especially interested in diversity issues should seek to take both courses. While MGMT 224/624 focuses on evidence-based solutions for managing diversity, this course focuses on the economic science of race, gender, and discrimination: How do economists model bias? What does empirical evidence say about the benefits of diversity, and the harms of discrimination? How do we measure whether discrimination is still taking place, despite a growing awareness of diversity and inclusion? What is unique about women as economic agents, and how do we understand gender equality in the workplace in light of this? This class will equip students with economics models and empirical evidence that can serve as a toolkit to analyze both policy and business decisions.

The format will be discussion based, with a short lecture each session and then active class discussion, drawing parallels between research and current events and news articles. Students will also present on various topics throughout the semester. The final project can be either a) an original research project, based on one of the topics discussed in class, or b) a case-style analysis of a modern management or policy dilemma building upon the class material.

Note that although many of the readings are research papers, students are only expected to come to class having read the introduction of the paper (the instructor will present and explain the analysis in the paper). In addition, students will be assigned certain days to look up popular press articles related to the topics discussed in class, and summarize them for the class, as part of the class participation grade.

Course grading:
30% In-class participation
15% Short presentations
15% Project proposal and summary on selected topic
40% Final project

Topics

1) Why do we value diversity?

- Course introduction and discussion on diversity issues in economics
- Should we approach diversity through a lens of profit or justice?

Readings:

<https://www.weforum.org/agenda/2019/04/business-case-for-diversity-in-the-workplace/>

2) Measuring discrimination

- Introduction to causal inference
- How can we separate discrimination from confounding factors?
- Natural experiments and randomized experiments

Readings:

Goldin, C., C. Rouse. 2000. Orchestrating impartiality: The impact of “blind” auditions on female musicians. *American Economic Review* 90(4) 715–741.

Bertrand, Marianne, and Sendhil Mullainathan. "Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labor market discrimination." *American economic review* 94.4 (2004): 991-1013.

3) Policies to address gender inequality

- How does economics help us think about unintended consequences of policies?
- Can you legislate equality?

Readings:

Antecol, Heather, Kelly Bedard, and Jenna Stearns. "Equal but inequitable: who benefits from gender-neutral tenure clock stopping policies?." *American Economic Review* 108.9 (2018): 2420-41.

Uribe, Ana Maria Tribin, Carmiña O. Vargas, and Natalia Ramírez Bustamante. "Unintended consequences of maternity leave legislation: The case of Colombia." *World Development* 122 (2019): 218-232.

4) Reproductive and other differences

- What role does biological asymmetry play in gender asymmetry?
- How do biological constraints of cis-gender womanhood impact career outcomes?

Readings:

Goldin, C and L F Katz (2002), “The power of the pill: Oral contraceptives and women’s career and marriage decisions”, *Journal of Political Economy*, 110, 730–770.

Gershoni, Naomi, and Corinne Low. "Older yet fairer: How extended reproductive time horizons reshaped marriage patterns in Israel." Forthcoming, *American Economic Journal: Applied Economics*, 2021

Low, Corinne. "Pricing the biological clock: Reproductive capital on the us marriage market." Manuscript, Wharton School of Business.

Buckles, Kasey. "Stopping the biological clock: Fertility therapies and the career/family tradeoff." Unpublished manuscript, Boston University (2005).

5) LGBTQ topics

- Examining the economics of work and family for LGBTQ
- Revisiting discrimination

Readings:

Jepsen, Lisa K. "Comparing the earnings of cohabiting lesbians, cohabiting heterosexual women, and married women: Evidence from the 2000 Census." *Industrial Relations: A Journal of Economy and Society* 46.4 (2007): 699-727.

Cipriakis, Klavs, Damien Cassells, and Jenny Berrill. "Transgender labour market outcomes: Evidence from the United States." *Gender, Work & Organization* (2020).

Aldén, L., Edlund, L., Hammarstedt, M., & Mueller-Smith, M. (2015). Effect of registered partnership on labor earnings and fertility for same-sex couples: Evidence from Swedish register data. *Demography*, 52(4), 1243-1268.

6) Roles and Stereotypes?

- What is the role of social stereotypes or enforcement of gender norms?

Readings:

Austen-Smith, David, and Roland G. Fryer Jr. "An economic analysis of "acting white"." *The Quarterly Journal of Economics* 120.2 (2005): 551-583

Bursztyn, Leonardo, Fujuwara, Thomas, and Amanda Pallais. forthcoming. 'Acting Wife': Marriage Market Incentives and Labor Market Investments. *American Economic Review*.

7) Specialization and home production

- What gets made in the household? What are the economics of producing it?
- Under what kind of contract does it get produced? What has substitutes and what doesn't?

Readings:

Becker, Gary Stanley, and Gary S. Becker. *A Treatise on the Family*. Harvard university press, 2009.

Greenwood, Jeremy, Ananth Seshadri, and Mehmet Yorukoglu. "Engines of liberation." *The Review of Economic Studies* 72.1 (2005): 109-133.

Gender Roles and Medical Progress. Joint with Claudia Olivetti. *The Journal of Political Economy*, June 2016

8) The Divorce revolution?

- Is easier divorce a boon to women? How does it change the economics of marriage?
- Contracting under uncertainty

Readings:

Stevenson, Betsey, and Justin Wolfers. 2007. Marriage and Divorce: Changes and their Driving Forces. *Journal of Economic Perspectives* 21(2): 27–52.

Lafortune, Jeanne, and Corinne Low. Collateralized Marriage. No. w27210. National Bureau of Economic Research, 2020.

9) Differences in approaches (competitiveness, risk aversion)

- Measuring differences in behavior by gender and identifying drivers
- Should women adopt more masculine behaviors?

Readings:

Babcock, Linda, Maria P. Recalde, Lise Vesterlund, and Laurie Weingart. 2017. "Gender Differences in Accepting and Receiving Requests for Tasks with Low Promotability." *American Economic Review*, 107(3): 714-47.

Niederle, Muriel, and Lise Vesterlund. "Do women shy away from competition? Do men compete too much?." *The quarterly journal of economics* 122.3 (2007): 1067-1101.

Coffman, Katherine Baldiga. "Evidence on self-stereotyping and the contribution of ideas." *The Quarterly Journal of Economics* 129.4 (2014): 1625-1660.

9) The gender wage gap

- Identifying sources of the gender wage gap and separating it into components
- What role does discrimination play? Corporate expectations?

Readings:

Adda, J., C. Dustmann, and K. Stevens, "The Career Costs of Children," *Journal of Political Economy* 125, no. 2 (April 2017): 293-337.

Mas, Alexandre, and Amanda Pallais. "Valuing alternative work arrangements." *American Economic Review* 107.12 (2017): 3722-59.

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

Bronson, Mary Ann, and Peter S. Thoursie. The Wage Growth and Within-Firm Mobility of Men and Women: New Evidence and Theory. Working Paper, 2019.

10) International settings

- Discussing how gender roles affect women's economic futures in developing countries

Readings:

Ashraf, Nava, et al. "Negotiating a Better Future: How Interpersonal Skills Facilitate Intergenerational Investment." *The Quarterly Journal of Economics* 135.2 (2020): 1095-1151.

Adhvaryu, Achyuta, Namrata Kala, and Anant Nyshadham. *The skills to pay the bills: Returns to on-the-job soft skills training*. No. w24313. National Bureau of Economic Research, 2018.

11) Negotiation

- Examining the idea that women need to bargain more, and that men are better negotiators
- Does demographic diversity create *useful* diversity in styles?

Readings:

Exley, Christine L., Niederle Muriel and Lise Vesterlund (2016) "Knowing When to Ask: The Cost of Leaning In", NBER Working Paper No. 22961.

Leibbrandt, Andreas, and John A. List. 2015. "Do women avoid salary negotiations? Evidence from a large-scale natural field experiment." *Management Science*, 61(9): 2016– 2024.

Huang, Jennie, and Corinne Low. *The myth of the male negotiator: Gender's effect on negotiation strategies and outcomes*. Technical Report, University of Pennsylvania, 2018.

12) Policies revisited

- So how can policymakers (in government and firms) create gender equality?
- What policies can help avoid unintended consequences?

Readings:

Bohnet, Iris 2016. *What works? Gender equality by design*. Harvard University Press; selected chapters.

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

Olivetti, Claudia and Barbara Petrongolo, 2017. *The Economic Consequences of Family Policies: Lessons from a Century of Legislation in High-Income Countries*. *Journal of Economic Perspectives* 31(1): 205-230.

13) Racial exclusion as economic loss

- Introduction to the economics of racism: what are its economic effects?
- How should we think of race within an economic model? What role does racial violence play? What about theft, through legal and extra-judicial means?

Readings:

Cook, Lisa D. "Violence and economic activity: evidence from African American patents, 1870–1940." *Journal of Economic Growth* 19.2 (2014): 221-257.

Lynching and Black voting behavior: <https://www.epi.org/multimedia/lynchings-black-voting-video/>

Darity Jr, William, et al. "What we get wrong about closing the racial wealth gap." *Samuel DuBois Cook Center on Social Equity and Insight Center for Community Economic Development* (2018).

14) Redlining and segregation

- Economics of exclusion from housing and community wealth

Readings:

Van Slyke, Ashley. "America's Legacy of Redlining: State-Sponsored Segregation and Disenfranchisement of Urban Minority Communities." (2020).

Logan, Trevon D., and John M. Parman. "The national rise in residential segregation." *The Journal of Economic History* 77.1 (2017): 127-170.

15) The economics of "defund the police"

- Are there economic underpinnings for police violence?
- What are the economic origins of over-policing, and what are its impacts?
- What other forms of public investment would also address crime?

Readings:

Feigenberg, Benjamin, and Conrad Miller. *Racial divisions and criminal justice: Evidence from southern state courts*. No. w24726. National Bureau of Economic Research, 2018.

Derenoncourt, Ellora. "Can you move to opportunity? Evidence from the Great Migration." Unpublished Manuscript (2019).

Archibong, Belinda, and Nonso Obikili. "Prison labor: The price of prisons and the lasting effects of incarceration." *African Economic History Working Paper Series* 52 (2020).

16) Affirmative action and minimum wage

- Can racial equality in wages be mandated?
- The minimum wage as both a tool of exclusion and of social justice

Readings:

Derenoncourt, Ellora, and Claire Montialoux. "Minimum wages and racial inequality." Harvard University Online Manuscript (2018).

Miller, Conrad. "The persistent effect of temporary affirmative action." *American Economic Journal: Applied Economics* 9.3 (2017): 152-90.

17) Macro costs of micro-aggressions

- Exploring the economic costs of micro-aggressions and “person-to-person” discrimination
- What “taxes” do people outside the dominant group pay to participate in the workforce? How do taxes influence behavior?

Readings:

<https://theconversation.com/black-employees-in-the-service-industry-pay-an-emotional-tax-at-work-94002>

<https://www.thecut.com/2017/10/why-the-weinstein-sexual-harassment-allegations-came-out-now.html>

18) Modeling discrimination

- Introduction to how economists model discrimination
- What are the normative implications of different models? How do they impact what policies we pursue? What would be a different paradigm?

Readings:

Guryan, Jonathan, and Kerwin Kofi Charles. "Taste-based or statistical discrimination: the economics of discrimination returns to its roots." *The Economic Journal* 123.572 (2013): F417-F432.

Spriggs, William, “Is now a teachable moment for economists”

https://www.minneapolisfed.org/~media/assets/people/william-spriggs/spriggs-letter_0609_b.pdf

19) Algorithmic and Implicit bias

- Introduction to implicit bias and algorithmic decision making
- Strategies to avoid hard-coding human bias into automated processes
- Strategies to reduce bias in human “snap decisions”

Readings:

<https://www.vox.com/recode/2020/2/18/21121286/algorithms-bias-discrimination-facial-recognition-transparency>

<https://implicit.harvard.edu/implicit/takeatest.html> (please take one of the tests)

20) Corrective policies

- What can policymakers in governments and institutions do to promote racial equality?
- What are the major barriers to racial equality, and how can they be eliminated?
- Why haven't more of these policies been solved already?

Readings:

Feingold, Jonathan P. "SFFA v. Harvard: How Affirmative Action Myths Mask White Bonus." *Calif. L. Rev.* 107 (2019): 707.

"Black Reparations and the racial wealth gap"

<https://www.brookings.edu/blog/up-front/2020/06/15/black-reparations-and-the-racial-wealth-gap/>

"Unequal opportunity: race and education"

<https://www.brookings.edu/articles/unequal-opportunity-race-and-education/>

21) Leveling the playing field, or a leg up?

- Are companies with diversity initiatives able to eliminate biases in hiring and other areas?
- What happens when there is a social belief that under-represented groups are *advantaged*? Where does this belief come from and what are its consequences?

Readings:

Kessler, Judd B., Corinne Low, and Colin D. Sullivan. "Incentivized resume rating: Eliciting employer preferences without deception." *American Economic Review* 109.11 (2019): 3713-44.

"How Real is 'Reverse Discrimination'?"

<https://thehill.com/opinion/civil-rights/507941-how-real-is-reverse-discrimination>

22) Design your HR department: inclusive policies

- In-class discussion/debate using the tools of the class to analyze of what corporate policies should be in place to limit discrimination and promote inclusion of under-represented groups

23) Final presentations in class

24) Final presentations in class

Final projects due