

BEPP 2650
Economics of Diversity and Discrimination

Professor Corinne Low

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 2240/6240, and material will not overlap, so students especially interested in diversity issues should seek to take both courses (and students can pursue a self-designed concentration in this area).

The format will be discussion based, with a short lecture each session and then active class discussion, drawing parallels between research and current events. Note that although many of the readings are research papers, students are only expected to come to class having read only the introduction of the paper and skimming the rest, except for papers a student chooses to present.

Course grading:

30% In-class participation

15% Short presentations

15% Project proposal and summary on selected topic

40% Final project

Participation:

Attendance and speaking in class count toward participation. Students are granted two "free" absences, no questions asked. Other absences are excused for health-related reasons (including mental health and family health/emergencies), but not for activity conflicts or travel. Students who prefer not to speak in class can also participate by attending office hours or emailing comments or related news articles to the professor, or in the Canvas discussion.

Short presentations:

Undergraduate students will choose from the assigned research papers and present the findings of one paper in class, using powerpoint slides.

MBA students will present brief case-style analyses of a current policy dilemma using the tools from the class, referencing a popular press article.

Final project:

Undergraduate students will conduct an original research analysis on a topic covered by the class using Stata to analyze data in their area of interest. MBA students can complete the same project or can complete a policy case analysis *using empirical evidence* from economics papers to support their recommendations. The format of the final project deliverable is a slide presentation. The Teaching Assistant will hold regular office hours to help coach you through the process of gathering data or gathering empirical evidence from existing papers.

Technology policy:

All devices for note-taking are allowed, but students who use laptops are asked to sit at the back of class and be mindful of typing noise. Students are also asked to be cognizant of distractions, and turn off WiFi and notifications when possible.

Readings and schedule:

Tuesday Jan 18:

1) Why do we value diversity?

- Course introduction and discussion on examining diversity issues using tools of economics
- Should we approach diversity through a lens of profit, or justice?
- How should we model being part of a marginalized group?

Readings:

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

Thursday Jan 20:

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.

Tuesday Jan 25:

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.

Thursday Jan 27:

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

Optional:

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).

Tuesday Feb 1:

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.

Cipriki, 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.

Thursday Feb 3:

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.

Tuesday Feb 8:

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:

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. Stefania Albanesi and Claudia Olivetti. The Journal of Political Economy, June 2016

Ramey, Garey, and Valerie A. Ramey. "The Rug Rat Race." Brookings Papers on Economic Activity (2010).

The Case Against Breastfeeding <https://www.theatlantic.com/magazine/archive/2009/04/the-case-against-breast-feeding/307311/>

Optional: Becker, Gary S. A Treatise on the Family. Harvard university press, 2009.

Thursday Feb 10:

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.

Tuesday Feb 15:

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.

Thursday Feb 17:

10) The gender wage gap

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

Readings:

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

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.

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

Optional:

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

Tuesday Feb 22:

11) International settings

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

Readings:

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.

Optional:

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

Thursday Feb 24:

12) 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.

PROJECT PROPOSALS DUE

--MBA course break--

3/1 and 3/3 individual meetings with undergrads on project proposal

--Spring Break--

Tuesday March 15:

13) 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.

Thursday March 17:

14)) 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).

Aizer, Anna, and Joseph Doyle. "Juvenile Incarceration, Human Capital, and Future Crime: Evidence from Randomly Assigned Judges." *The Quarterly Journal of Economics*, Volume 130, Issue 2, May 2015

Tuesday March 22:

15) 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.

Thursday March 24:

16) Mass incarceration and defunding 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).

Tuesday March 29:

17) 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.

Thursday March 31:

18) 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>

Tuesday April 5:

19) 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

Thursday April 7:

20) Algorithmic and Implicit bias

- Introduction to implicit bias and algorithmic decision making (for students not already familiar)
- What does economics tell us about hard-coding human bias into automated processes? What does behavioral economics tell us about the likely quality of "snap" decision-making in an environment with unequal information on gender and race?

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)

Tuesday April 12:

21) Corrective policies

- What can policymakers in governments and institutions do to promote racial equality?
- What are the major economic barriers to racial equality, and how can they be eliminated?
- What are the political economy issues with implementing corrective policies?

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/>

Thursday April 14:

22) 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>

Tuesday April 19:

23) Final presentations in class

Thursday April 21:

24) Final presentations in class

Tuesday April 26: Undergraduate student presentations in class

FINAL PROJECTS DUE