

Topics in Economics of Discrimination: Outline 2

III. Human Capital

1. Definition
 - a. The Stock of marketable skills embodied in a worker that can be rented on the labor market
 - b. Human vs Physical Capital
 - c. Forms of Human Capital Investment
 - General Training: Education, Work Experience
 - Firm-Specific Training: on-the-job training, job tenure
2. Patterns of schooling
 - a. Men and Women
 - Historical patterns: finishing high school and finishing college
 - Recent history: advantage for women
 - Explanations for the past gaps between men and women
 - Explanations for the recent gains for women
 - b. Blacks and Hispanics
 - Historical patterns: finishing high school and finishing college
 - Recent history: role of GED
 - Explanations for the past gaps
 - c. Age-earnings profiles by schooling level
 - Men and Women
 - Patterns:
 - Concave in age
 - Flatter for less educated
 - Flatter for women
 - Level rises with education
3. The Human Capital Investment Model
 - a. Factors: H, S, C, T, r
 - b. Explaining Age-Earnings profiles using the human capital investment model
 - c. Job rationing due to the business cycle.
 - d. The college-wage premium over time
 - e. Present and Future Value Review
 - f. Returns to schooling
4. The rise of women's college and professional status
 - a. The 1970s: the start of the rapid rise
 - b. Human Capital explanations: the role of permanent labor market status
 - Cost of time out of the labor market
 - Lost earnings
 - Human capital depreciation
 - Obsolescence
 - The role of expected labor market status
 - c. The case of science careers
 - Anne Preston: *Leaving Science*
 - d. Elite pools and elite positions
 - Human capital and access to elite positions
 - The Glass Ceiling: cracking or staying put?
 - e. Other reasons why women are gaining relative to men

High school performance
Investments in science and math classes
Class rank
Test scores

5. Two period model
 - a. Earnings and job tenure
 - b. Differences between men and women
 - Tenure
 - Training
 - c. Application: H1B visas as a constraint on second period mobility
 - d. Sorting and returns to training: GREs and graduate entry
6. Do career starting conditions really matter for success?
 - Application: Academic market
 - Women in academia
 - Minorities in academia

IV. Human Capital and Poverty

1. Physical capital and the rising returns to college
 - a. Capital-Skill complementarity
 - b. Falling cost of capital
2. Why aren't all groups taking advantage of the rising returns?
 - a. Underinvestment by minorities
 - Poverty in Central Cities
 - Neighborhood effects: Mixed evidence
 - Gautreaux
 - Moving to Opportunity
 - Single parents vs two parents
 - Matters but not large effects
 - Incarceration`
 - Low income
 - b. Heckman's approach: noncognitive skills
 - GEDs as disguised dropouts
 - College entry and
 - Household income
 - Individual ability (AFQT)
 - Controlling for maternal education, marital status and skill
 - Importance of cognitive and noncognitive skills
 - Years of Schooling completed
 - Incarceration
 - Transfer of human capital across generations: the role of maternal skills
3. Solutions
 - Human Capital: Early interventions are best
 - Evidence
 - Pre school: Perry Preschool and Head Start
 - In school: Quantum
 - After School: Job training

V. Earnings and Earnings Functions

1. Relative pay
 - a. Men and Women
 - b. Minorities vs Whites
 - c. Patterns in Europe

2. Mincerian Earnings Functions
 - a. Derivations and interpretations
 - log wages
 - linear schooling and the rate of return to an additional year of schooling
 - linear and quadratic experience
 - b. Earnings decompositions
 - Marginal revenue product
 - Observed wage differences
 - Explained differences
 - Unexplained differences
 - c. Measuring wage discrimination
 - Method 1: use of dummy variables
 - Method 2: Oaxaca decomposition
 - Examples of results
 - Male Female
 - Black White
 - Hispanic White
 - Key explanatory factors for each group
 - d. Caveats
 - Measurement Error
 - Missing Variables
 - Including variables that are themselves subject to discrimination

3. Extension 1: Showing the role of rising earnings inequality on pay gaps
 - a. Residual inequality
 - b. Standardized residuals and the male residual distribution
 - c. Swimming upstream: rising inequality and wages for those in the lower tail
 - d. Role of selection into and out of the labor market on observed average wages
 - e. Applications
 - Blau and Kahn on Men and Women
 - Couch and Daly on Blacks and Whites

4. Extension 2: Black-White wage differences since 1940
 - a. cohort effects versus cross-cohort effects
 - b. Role of years of schooling
 - c. Role of returns to schooling
 - d. Role of migration
 - e. role of labor market drop out
 - f. role of anti discrimination legislation, especially in the South

5. Premarket factors: Discriminatory and nondiscriminatory
 - a. School quality
 - b. Years of Schooling
 - c. Mueller and Plug: role of personality
 - d. Niederle and Vesterlund; Price: role of taste for competition
 - e. Persico: role of height
 - f. Hamermesh and Biddle: role of beauty

VI. The laws allowing or regulating discrimination

1. Plessy vs Ferguson
2. Brown vs Topeka Board of Education
3. Voting rights: The 19th amendment and the Voting Rights Act
4. Protective Legislation: History and resolution
 - a. New York vs Lochner
 - b. Muller vs Oregon
 - c. Frontiero vs Richardson
5. Marriage Bar: causes and elimination
6. Equal Pay Act (1963): equal pay for equal work
 - a. Differences in Pay across the sexes
 - b. Schultz vs Wheaton Glass
 - c. Wirtz vs Midwest Manufacturing
 - d. Ledbetter vs Goodyear
7. Title VII of the Civil Rights Act (1964)
 - a. Coverage
 - b. Griggs vs Duke Power
 - c. Disparate impact vs disparate treatment: intent not required
 - d. Bona fide exceptions and burden of proof
 - Proving business necessity
 - Use of statistics to show disproportionate representation
 - US vs Ironworkers Local 86
 - e. EEOC enforcement
 - 4/5ths rule
 - conciliations and court cases
 - f. EEOC Court Cases: attacking discrimination in internal labor markets
 - Dias vs Pan Am: Customer preferences
 - UAW vs Johnson Controls: Fertility
 - G.E. vs Gilbert: Pregnancy
 - Franks vs Bowman Transportation; Teamsters vs U.S.: retroactive seniority
 - Dothard vs Rawlinson: Stature
 - Firefighters vs Stotts: layoffs
 - City of Los Angeles vs Manhart; Arizona Governing Committee vs Norris: Pensions
 - Meritor Savings Bank vs Vincent; Harris vs Forklift Systems; Burlington Industries vs Ellerth: Sexual Harassment
 - Other
 - Title VII as a personnel practices manual

8. Affirmative Action (1965, 1968, 1971)
 - a. Coverage
 - b. Goals versus quotas
 - c. OFCCP
 - d. Court Cases
 - Bakke vs University of California at Davis: College Admissions
 - Steelworkers vs Weber: training programs
 - Johnson vs Santa Clara County Transportation Agency:
Voluntary preference in promotion
 - Hopwood vs Texas: Temporary move away from Bakke
 - Grutter vs Bollinger; Gratz vs Bollinger: Back to Bakke

9. EEOC Enforcement record
 - a. Class action vs individual harmed
 - b. Case resolutions
 - c. Rapid Charge processing
 - d. Mediation
 - e. Chronic staffing and budget problems
 - f. Neumark and Stock: Impact of State Pay Discrimination Laws

10. Affirmative Action Impacts
 - a. Employment
 - b. Sorting across federal contractors and noncontractors
 - c. Qualifications

11. Comparable Worth: Equal Pay for Equal Worth
 - a. Coverage
 - b. Job Evaluation
 - c. Point Systems
 - d. Comparable worth pay adjustment process
 - e. Criticisms
 - Fair or arbitrary?
 - Internal vs external equity
 - Measurement error and factor selection
 - Implementation process
 - Invitation to litigation?
 - f. Market Model