

Problem Set #1
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Econ 321

- 1) Suppose the occupational distribution for men and women is given by the following

	Men	Women
Occupation 1	20%	20%
Occupation 2	5%	30%
Occupation 3	25%	10%
Occupation 4	30%	5%
Occupation 5	20%	35%
Total	100%	100%

- a) Calculate the occupational segregation index.
b) What is the interpretation of the value?
- 2) a) Suppose that the $MRP = 20 - 0.5L$ for left-handed workers where MRP is measured in dollars per hour. L = number of left handed workers. The market wage for left-handed workers is \$10/hour. What is the nondiscriminatory demand at the market wage?

b) The employer has a taste for discrimination given by the coefficient $d_i = 0.25$ so that he discounts the productivity of left-handed workers. Draw the discriminatory and nondiscriminatory demand curves for this employer. If this employer had to hire left-handed workers, how many workers would he demand at the market wage for left-handed workers?

c) Suppose the market discrimination coefficient is 0.2. How many left-handers would this employer hire?
- 3) Briefly explain what should happen to the magnitude of taste based wage discrimination in competitive markets when the source of discrimination is the employer, the employees, and the customer.
- 4) What is the main conclusion of the Black and Brainerd paper regarding how international trade affects wage discrimination?
- 5) What does Levitt discover about discriminatory attitudes toward Blacks, Hispanics and the elderly?
- 6) What do you conclude about the existence of customer discrimination from the Nardinelli-Simon and Holzer-Ihlanfeldt papers?