

Tentative

Hubert H. Humphrey Institute of Public Affairs
UNIVERSITY OF MINNESOTA
Twin Cities Campus

Analysis of Discrimination PA 8312-Section 1

Course Designator: 23714
3 credits - HHHCtr 35
Wednesdays 2:30-5:00 p.m.
Laboratory -- TBA
Fall 2003 9/3/02-12/10/02

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Syllabus, Readings, and Class Information

Available online at <http://webct.umn.edu> → click on “Log In to my WebCT

For students new to WebCT a self-guided tutorial is available at <http://webct.umn.edu/students/>

Disability Accommodations

The University of Minnesota is committed to ensure equal learning and working opportunities for disabled students and guests by increasing the capacity of communities to eliminate physical, programmatic, policy, informational, and attitudinal barriers. This course will provide reasonable accommodations for students or guests with physical, sensory, cognitive, systemic, learning, and

psychiatric disabilities. Please contact the instructor or his assistant to discuss accommodations for this course.

Incompletes

To receive an "I", the student must contact the instructor before the last day of class to request permission. The instructor and student should discuss specific guidelines, conditions, and/or time limits for course completion, and the consequences of failure to complete outstanding coursework. All coursework included on a student's degree program must be complete, with grades posted, to be eligible for degree clearance. However, incomplete courses not included on the degree program do not need to be completed for this purpose. Graduate School students are not permitted, under any circumstances, to retroactively withdraw from a course, including any incomplete course which is not a degree requirement. Incompletes are not calculated into a Graduate School student's grade point average. The maximum number of credits of incompletes allowable at the Humphrey Institute is six. For detailed policy on incompletes, please see Student Handbook.

Overview

This is a skills-based course designed to introduce students of policy analysis and other applied social sciences to the tools of measuring and detecting discrimination in market and non-market contexts. The focus is on the application of the modern tools of labor econometrics and race relation research to specific problems of market and non-market discrimination. Students will work through several exercises designed to sharpen empirical skills related to analyzing discrimination.

Students are expected to have a working knowledge of elementary microeconomics, basic statistics and regression analysis and some familiarity with SAS, SPSS, LIMDEP or similar software programs, although tutorials in linear and nonlinear regression analysis using SPSS and SAS will be offered during weekly labs.

Three basic objectives of the course are:

- a) To summarize and synthesize the social science theory and evidence on market and non-market discrimination
- b) To apply systematically conventional tools for measuring and detecting discrimination in various market and non-market contexts
- c) To understand the advantages as well as the limitations of discrimination models in offering remedies and solutions to the problem of discrimination.

Methods and Procedures

The course is divided into two parts. The first half of the semester focuses on the theory and methods of measuring and detecting discrimination. Lectures and discussions will focus largely

on the assigned readings. Students are expected to have read and thoroughly digested the contents of the required readings prior to the assigned lecture/discussion.

There will be a take-home examination assessing student knowledge of the required readings in the middle of the semester.

The second half of the semester will focus on applications to specific market and non-market contexts. Students will receive in-class assignments to estimate specific equations using provided data sets in order to test hypotheses about different types of discrimination. The three exercises are designed to demonstrate the application of the empirical tools of measuring discrimination. Students will be assisted by the professor and TA to achieve hands-on applications of the tools presented in the course.

Each student will be assigned a technical paper to review and critique. Presentations of these critiques will be made at the end of the semester. The review and critique should provide a detailed description of the problem the paper/report attempts to address, the methods and techniques used to address it, the appropriateness of the methods and techniques for assessing discrimination. The review and critique should also propose alternative methods for measuring discrimination using the data employed in the report/paper and discuss how the existing data might be used to construct a remedy if discrimination is present. Where appropriate re-estimations using readily available data should be presented. The written review and critique should be no longer than 7 pages and will be graded by the professor. The presentation will be peer evaluated for completeness, concreteness, clarity and ability to present within time limits. (Time limits will depend on numbers of students in the class).

Grading:

Take-home examination	30%
Exercise #1	15%
Exercise #2	15%
Exercise #3	15%
Peer Evaluated Presentation	10%
Review and Critique	15%

Computer Software and Data Sets

Students will be expected to use SAS, SPSS, LIMDEP or similar software programs. Further information about using the programming software is available:

SAS Guides/Tutorials

<http://www.sas.com/service/techsup/>
http://www.sas.com/service/tutorials/v8/base/main_spl.htm

SPSS Guides/Tutorials

<http://www.spss.com/tech/stat/>
<http://pages.infinit.net/rlevesqu/>
http://data.fas.harvard.edu/projects/SPSS_Tutorial/spsstut.shtml
<http://s9000.furman.edu/mellonj/spss1.htm>
<http://psych.utoronto.ca/courses/c1/spss/page1.htm>

There are three data sets that will be used in this course for the application of theories to help students better understand the course materials. These data sets will be used extensively in class and will form the basis of the three exercises. The data sets are:

- 1) Current Population Survey (CPS) for an employment, earnings, and hiring analysis;
- 2) Social Service Information System (SSIS) for child protection and foster care placement analysis;
- 3) Merged HMDA Lars 2000 & Cleveland Federal Reserve data for credit market and housing market analysis;

In addition, other data sets will be made available as needed to assist students in the completion of their critiques and reviews.

Course Schedule (Part I): Theories and Methods

9/3/03 Historical and Legal Underpinnings

Readings:

Susan Gluck Mezey. 1992. In *Pursuit of Equality: Women, Public Policy, and the Federal Courts*. New York: St. Martins Press. Chapter 1: The Constitution and Equality, pp. 8-34; Chapter 2: Equal Employment Opportunity: Title VII- The Formative Years, pp. 35-54. Chapter 3: Equal Employment Opportunity: Proving Discrimination, pp. 54-73.

U.S. Department of State. Background on Civil Rights Act of 1964. <http://usinfo.state.gov/usa/infousa/facts/democrac/39.htm>

U.S. Equal Employment Opportunity Commission

- Civil Rights Act of 1991, <http://www.eeoc.gov/laws/cra91.html>
- Disparate Treatment Theory, <http://www.eeoc.gov/docs/disparat.html>
- Human Resources Guide, Disparate Impact Theory, <http://www.hr-guide.com/data/G702.htm>

9/10/03 Economics of Discrimination (I)

Readings:

William A. Darity, Jr. (ed). 1995. *Economics and Discrimination, Vol 1* (The International Library of Critical Writing in Economics; 57) Aldershot, UK: Edward Elgar Publishing. Introduction, xiii-li.

William A. Darity, Jr. (editor). 1995. *Economics and Discrimination, Vol 1* (The International Library of Critical Writing in Economics; 57) Aldershot, UK: Edward Elgar Publishing, pp 183-205. Originally from:

- Gary S. Becker. 1957. Chapter 1: The Forces Determining Discrimination in the Market Place. pp. 13-18. *The Economics of Discrimination*. Chicago: University of Chicago Press.
- Gary S. Becker. 1957. Chapter 6: Market Discrimination, pp. 84-100. *The Economics of Discrimination*. Chicago: University of Chicago Press.

Ray Marshall. 1974. The Economics of Racial Discrimination: A Survey, *Journal of Economic Literature* 12(3)(September): 849-871.

9/17/03 Economics of Discrimination (II)

Readings:

Kenneth J. Arrow. 1998. What Has Economics to Say about Racial Discrimination? *The Journal of Economic Perspectives* 12(2)(Spring): 91-100.

William A. Darity, Jr. and Patrick L. Mason. 1998. Evidence on Discrimination in Employment: Codes of Color, Codes of Gender. *The Journal of Economic Perspectives* 12(2)(Spring): 63-90.

9/24/03 Measurement of Discrimination (Linear Model)

Readings:

Alan S. Blinder. Chapter 2: Wage Discrimination: Reduced Form and Structural Estimates, in William A. Darity, Jr., (ed.), Introduction, *Economics and Discrimination Vol. II*. (The International Library of Critical Writing in Economics; 57) Aldershot, UK: Edward Elgar Publishing, pp. 20-39.

Jeremiah Cotton. 1988. On the Decomposition of Wage Differentials. *Review of Economics and Statistics* 70(2)(May): 236-243.

Ronald Oaxaca. 1973. Male-Female Wage Differentials in Urban Labor Markets. *International Economic Review* 14(3)(October): 693-709.

10/1/03 Measurement of Discrimination (Non-Linear Model)

G.S. Maddala 1993. *Limited Dependent and Qualitative Variables in Econometrics*. Cambridge; New York: Cambridge University Press. Chapter 2: Discrete Regression Models.

Samuel L. Myers, Jr. 1993. Chapter 9: Measuring and Detecting Discrimination in the Post-Civil Rights Era, in John H. Stanfield II and Rutledge M. Dennis (eds.), *Race and Ethnicity in Research Methods, Volume 157*, pp. 172-197.

Helen Skyt Nielson. 1998. Discrimination and Detailed Decomposition in a Logit Model. *Economics Letters* (61): 115-120.

10/8/03 Special Problems (Selection Bias, 2SLS, Simultaneous Equation Bias)

Readings:

Glen G. Cain. 1991. The Use and Limits of Statistical Analysis in Measuring Economic Discrimination, in Emily P. Hoffman (ed.), in *Essays on the Economics of Discrimination*. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, pp. 115-144.

James J. Heckman. 1998. Detecting Discrimination, *The Journal of Economic Perspectives* (12)(2)(Spring): 101-116.

James J. Heckman. 1979. Sample Selection Bias as a Specification Error. *Econometrica* 47: 153-161.

G.S. Maddala 1993. *Limited Dependent and Qualitative Variables in Econometrics*. Cambridge; New York: Cambridge University Press. Chapter 9: Models with Self-Selectivity.

10/15/03 -- 10/22/03 Alternative Methods: Audits, Availability/Utilization Measurement, and Experiments

Readings:

Ronald B. Mincy. 1995. Chapter 20: The Urban Institute Audit Studies: Their Research and Policy Context" in William A. Darity, Jr., (ed.), *Economics and Discrimination Vol II*, (The International Library of Critical Writing in Economics; 57) Aldershot, UK: Edward Elgar Publishing, pp. 346-435.

Joseph Rosenstein and Michael A. Hitt, 1986. Experimental Research on Race and Sex Discrimination: The Record and the Prospects, *Journal of Occupational Behaviour* (7)(3)(July): 215-226.

John Yinger. 1995. Measuring Racial Discrimination with Fair Housing Audits. in William A. Darity, Jr., ed., "Introduction," *Economics and Discrimination Vol. II*, (The International Library of Critical Writing in Economics; 57) Aldershot, UK: Edward Elgar Publishing, pp. 325-337.

John Yinger. 1995. Chapters 2: The Housing Discrimination Study; Chapter 3; Chapter 3: Discrimination in Housing, pp. 31-49. *Closed Doors, Opportunities Lost: The Continuing Costs of Housing Discrimination*. New York: Russell Sage Foundation.

John Yinger: 1995. *Closed Doors, Opportunities Lost: The Continuing Costs of Housing Discrimination*. New York: Russell Sage Foundation. Part 3. Chapter 6. The Direct Cost of Current Discrimination, pp. 89-103; Part 4. Chapter 9. The Causes of Discrimination in Housing, pp. 161-186.

Take-home midterm exam, due 10/29/03

Course Schedule (Part II): Applications

10/29/03 Application 1: Earnings' Inequality

William A. Darity, Jr. and Patrick L. Mason. 1998. Evidence on Discrimination in Employment: Codes of Color, Codes of Gender. *The Journal of Economic Perspectives* 12(2)(Spring): 63-90.

William A. Darity, Jr. (ed). 1995. *Economics and Discrimination, Vol 1* (The International Library of Critical Writing in Economics; 57) Aldershot, UK: Edward Elgar Publishing. Introduction, xiii-li.

William A. Darity, Jr. (editor). 1995. Gary Becker, Chapter 13: The Economics of Discrimination, 183-206 in *Economics and Discrimination, Vol 1* (The International Library of Critical Writing in Economics; 57) Aldershot, UK: Edward Elgar Publishing.

June O'Neill. 1990. The Role of Human Capital in Earnings Differences Between Black and White Men. *The Journal of Economic Perspectives* 4(4)(Autumn): 25-45.

11/5/03 Computer Application Tutorial

11/12/03 -- 11/19/03 Application 2: Child Protection

Readings:

Sheila D. Ards, Samuel L. Myers, Jr., and Allan Malkis. 2002. Discrimination When Nobody Discriminates: The Case of Child Maltreatment in Minnesota.

Sheila D. Ards, Chanjin Chung and Samuel L. Myers, Jr. 1998. The Effects of Sample Selection on Racial Differences in Child Abuse Reporting. *Child Abuse & Neglect: The International Journal* 22(2)(February): 103-115.

Mark E. Courtney, Richard P. Barth, Jill Duerr Berrick. 1996. Race and Child Welfare Services: Past Research and Future Directions. *Child Welfare* 75(Mar./Apr): 99-137

David Rosner and Gerald Markowitz. 1997. Race, Foster Care, and the Politics of Abandonment in New York City. *The American Journal of Public Health* 87(11)(November): 1844-1849.

11/26/03 -- 12/3/03 Application 3: Credit Markets and Housing Markets

Readings:

John Goering and Ron Wienk (eds.). 1996. *Mortgage Lending, Racial Discrimination, and Federal Policy*. Washington, D.C.: The Urban Institute Press. Part One. Chapter 4. Turning a Critical Eye on the Critics. Geoffrey M.B. Tootell, pp. 143-182.

Glenn W. Harrison. 1998. Mortgage Lending in Boston: A Reconsideration of the Evidence. *Economic Inquiry* 36(1)(January): 29-39.

Helen F. Ladd. Evidence on Discrimination in Mortgage Lending. *The Journal of Economic Perspectives* 12(2)(Spring): 41- 62.

Alice H. Munnell, Geoffrey M.B. Tootell, Lynn E. Brown, and James McEneaney. 1996. Mortgage Lending in Boston: Interpreting the HMDA Data. *American Economic Review* 86(1)(March): 25-53.

Anthony M. Yezer, (ed.). 1995. *Fair Lending Analysis: A Compendium of Essays on the Use of Statistics*. Washington, D.C.: American Bankers Association. The History and Value of HMDA Data For Studies of Individious Discrimination. George J. Benston, pp. 5-12; Biases in Tests for Redlining by Lenders. Anthony M. Yezer, pp.13-22; Uses and Limitations of HMDA Data in Identifying Discrimination and Redlining. Michael Shill and Susan Wachter, pp. 23-28.

12/10/03 Last Day of Class

Student Presentations