

RACE AND THE U.S. ECONOMY
ECONOMICS 116
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Cecilia A. Conrad
Stedman-Sumner Professor of Economics
Vice President and Dean of the College
Pomona College
Office: Alexander Hall, Suite 219
Phone Extension: 1-8137
Office Hours: Weds, 4-5 pm OR By Appointment (On Campus Every Day)

For Appointments:
Contact Administrative Assistant, Dani Aurouze, daurouze@pomona.edu, 1-8137

Goals and Expectations

In this course, we will apply the analytical tools of economics and other social science disciplines to examine how and why race and ethnicity correlate with economic status.

The readings focus on African Americans, reflecting my expertise and the much larger body of economic research on this group relative to other minorities, but we will also study the experiences of Latinos and Asian Americans.

I have three major goals for the course.

Develop and sharpen economic reasoning skills. Many introductory economics courses purport to train the student “how to think like an economist.” My goal is less to train you to think like an economist (indoctrination) and more to help you understand how economists think (training for battle). Economists and economic analysis have a major influence on social policy and it is important, regardless of your career choice, to understand the assumptions that underlie economic arguments and to be able to evaluate economic evidence with some independence of thought. At the end of this semester, you should be better able to 1) Distinguish between simplifying assumptions and those that are essential to an economic model. 2) Compare the assumptions and predictions of competing economic theories; 3) Use economic theory to formulate a hypothesis to explain differences in economic outcomes; 4) Critique a statistical analysis of racial disparities in economic outcomes.

Introduce the “Other” into economics. In the majority of principle texts, consumers and firms are free of gender, race, ethnicity or family history. Specific references to the distinct economic experiences of minority groups are largely missing.¹

¹ The absence of content on women and minorities in introductory textbooks has been documented in Susan F. Feiner and Barbara A. Morgan, “Women and Minorities in Introductory Economics Textbooks: 1974 to 1984,” *The Journal of Economic Education*, Vol. 18, #4 (Autumn 1987):376-392; and Susan F. Feiner, “Introductory Economics Textbooks and the Treatment of Issues Relating to Women and Minorities 1984 and 1991,” *The Journal*

This course will develop your knowledge of the research in economics on the economic status of African Americans and the growing literature on Latinos, Asian Americans and other groups. At the end of the semester, you should be better able to 1) Locate data on the socioeconomic status of demographic subgroups of the US population; 2) Describe the major historical trends in the economic status of African Americans in the US since Reconstruction; 3) Interpret summary measures of segregation and racial and ethnic disparity; 4) Summarize the economics literature concerning the role of discrimination vs. other factors in explaining racial and ethnic differences in socioeconomic status; 5) Assess the impact of public policies designed to reduce racial inequality in economic status.

Model a rational discourse about race, ethnicity and economic disparity. This course emphasizes evidence-based analyses of race and ethnicity. We will make distinctions between speculative hypotheses and conclusions based on a careful analysis of quantitative and qualitative data. At the end of the semester, you should be better able to 1) Avoid assessments based on stereotypes; 2) Support a position with references to empirical evidence; 3) Express disagreement by challenging the logical consistency or the evidentiary basis of an opponent's statement.

Sakai Course Management: Lecture notes and other resources will be available through SAKAI.

Required Textbooks: Conrad, Cecilia, John Whitehead, Patrick Mason and James Stewart, *African Americans in the US Economy*, Rowman and Littlefield, 2005.
(In Huntley)

Blank, Rebecca, Marilyn Dabady and Constance F. Citro, editors. *Measuring Racial Discrimination*. The National Academies Press, 2004. Book available as electronic book: <http://www.nap.edu/books/0309091268/html/>. We are not reading all chapters. If you don't like reading on-line, you can purchase individual chapters or the entire book through the National Academies Press.

Exams: Exams are scheduled for February 29th and May 7th (senior final to be arranged). If there are conflicts with those dates, please notify me by the third day of class. Otherwise, I expect you to take the exam at the scheduled date and time.

Assignments: Due dates are listed on the syllabus. Extensions will not be granted. Research paper may be revised and resubmitted within one week of the date they are returned to you. I prefer electronic submission of assignments. Use your Drop Box folder on Sakai. Be sure to include your name in the name of document, eg conradassignone.doc.

Class Participation: Class discussion is an important component of this course. I expect you to read assigned materials before class unless otherwise instructed. As many of the topics discussed in this class can be emotionally charged, I request that students follow the guidelines below.

of Economic Education, Vol. 24, #2(Spring 1993):146-162. Denise Robson reports an increase in coverage in "Women and Minorities in Economics Textbooks: Are They Being Adequately Represented?" *Journal of Economic Education*, V. 32, #2 (Spring 2001): 186-191.

1. A discussion should be an exchange of ideas, one in which each party tries to, with persuasive argument, concrete examples and specific evidence, make others understand why they hold a certain point of view.
2. A discussion is not just one person talking. A discussion involves the voices of two or more people, and also involves listening to what others have to say.
3. A discussion is not an exchange between a single student and the faculty member.
4. Students should speak directly to each other.
5. Recognize limitations of personal experience or anecdotes as evidence. Avoid sweeping generalizations. Avoid outright judgments, accusatory language, and dismissal of others opinions.
6. Be able to divorce yourself from your opinions so you can try to understand a point of view other than your own. I may ask you to do this in a class discussion.
7. The class must be a safe place for someone to 'test' a hypothesis without being labeled or condemned. If you don't agree with a hypothesis, challenge the underlying analysis, ask for supporting evidence, but do not engage in a personal attack. I may ask both parties to a disagreement to bring additional research to a subsequent class.
8. Do not expect an individual student to represent the views of an entire racial or ethnic group.
9. When necessary, make amends and find alternative ways to connect and continue discussion.

Readings and Assignments

I. Overview

- A. The Economic Way of Thinking About Race – January 18, 2012
 Doleac, Jennifer and Stein, Luke C.D., "Race Has a Hand in Determining Economic Outcomes," <http://www.voxeu.org/index.php?q=node/5245>
 Levitt, Steven, "The Visible Hand," <http://www.freakonomics.com/2010/06/01/the-visible-hand/>
- B. Statistical Portrait of Racial Inequality – January 23, 2012
 Blank, et al, "Defining Race," Chapter 2 in *Measuring Racial Discrimination*.
http://www.nap.edu/catalog.php?record_id=10887#toc
 Blank, Rebecca, "An Overview of Changes in Social and Economic Well-Being, By Race," Chapter 2 in *America Becoming: Racial Trends and Their Consequences, Volume I*, edited by Smelzer, Wilson and Mitchell.
http://www.nap.edu/catalog.php?record_id=9599#toc
 Sandefur, et al, "An Overview of Racial and Ethnic Demographic Trends," Chapter 3 in *America Becoming: Racial Trends and Their Consequences, Volume I*, edited by Smelzer, Wilson and Mitchell.
http://www.nap.edu/catalog.php?record_id=9599#toc
- C. Accessing Data About Race and Ethnicity – January 25, 2012
 CLASS WILL MEET IN HONNOLD LIBRARY, Keck Learning Room
 (If you have a laptop, bring it.)

ASSIGNMENT ONE, Quantitative Analysis of Racial Trends - Due January 30th

- D. Neoclassical Explanations for Racial Differences in Economic Outcomes – January 30th – February 1st
Whitehead, John, “Racial Economic Inequality and Discrimination: Conservative and Liberal Paradigms Revisited,” in Conrad et al.
Bates, Timothy and Daniel Fusfeld, “The Crowding Hypothesis,” in Conrad et al.
Loury, Glenn, *The Anatomy of Racial Inequality*, Chapter 2.
Arrow, Kenneth, “What Has Economics to Say About Racial Discrimination?” *Journal of Economic Perspectives*, Vol. 12, Spring 1998: pp. 91-100.
- E. The Economics of Identity – February 6th
Akerlof, George and Racial E. Kranton, *The Economics of Identity: How Our Identities Shape Our Work, Wages and Well-Being*. Chapter 2 & 9. OR
Akerlof, George and Racial E. Kranton, “Economics and Identity,” *Quarterly Journal of Economics*, Vol. 115 (August 2000).
- F. Heterodox Explanations for Racial Differences in Economic Outcomes – February 8th
Bohmer, Peter. “Marxist Theory of Racism and Racial Inequality,” in Conrad et al.
Stewart, James B. and Major Coleman, “The Black Political Economy Paradigm and the Dynamics of Racial Economic Inequality,” in Conrad et al.
Darity, William, “Stratification Economics: The Role of Intergroup Inequality,” *Journal of Economics and Finance*, V29, #2: 144-153.
- G. Measuring Discrimination – February 13th -15th
Blank, Rebecca, Marilyn Dabady and Constance F. Citro, editors. *Measuring Racial Discrimination*. The National Academies Press, 2004. Chapters 3, 4, 6 & 7. http://www.nap.edu/catalog.php?record_id=10887#toc
Charles, Kerwin Kofi and Jonathan Guryan, “Studying Discrimination: Fundamental Challenges and Recent Progress,” *Annual Review of Economics*, V.3: 479-511, 2011.

ASSIGNMENT TWO - Oaxaca-Blinder Decompositions

- II. Historical Perspectives on Racial Inequality
- A. The Great Migration - February 20th
Fusfeld, Daniel and Timothy Bates, “The Black Sharecropping System and Its Decline,” in Conrad et al.
Tolnay, Stewart, “The African American ‘Great Migration’ and Beyond,” *Annual Review of Sociology*, 2003, v29, 209-32.
Vigdor, Jacob, “The Pursuit of Opportunity: Explaining Selective Black Migration,” *Journal of Urban Economics*, v51 (2002), 391-417.

King, Mary, “ ‘Keeping People in Their Place’: The Economics of Racial Violence,” in Conrad et al.

B. Historical Perspectives – Emergence of Black Industrial Working Class – February 22nd

Harris, William, “An Uncertain Tradition: Blacks and Unions, 1865-1925” in Conrad et al.

Foner, Philip S., “The Rise of the Black Industrial Working Class, 1915-1918,” in Conrad et al.

Maloney, Thomas E. and Warren Whatley, “Making the Effort: The Contours of Racial Discrimination in Detroit’s Labor Markets, 1920-1940,” *Journal of Economic History*, V.55, #3, 465-493.

Weaver, Robert C., “The Employment of the Negro in War Industries,” *The Journal of Negro Education*, V. 12, #3 (Summer 1943): 386-396.

Sundstrom, William, “The Color Line: Racial Norms and Discrimination in Urban Labor Markets,” *The Journal of Economic History*, V. 54, #2 (June 1994), 382-396.

C. Historical Perspectives - Chinese & Mexican Americans in the West – February 27th OR

SPECIAL GUEST LECTURE

Brown, Martin and Peter Philips, “Competition, Hiring Practices and Racism Among California Manufacturers 1860-1862,” *Industrial and Labor Relations Review*, V. 40, #1 (1986): 61-74.

MIDTERM – FEBRUARY 29th

III. Racial Differences in Labor Market Outcomes

A. General Overview – March 5th

U.S. Department of Labor, U.S. Bureau of Labor Statistics, *Labor Force Characteristics by Race and Ethnicity, 2010*, Report 1032, August 2011. www.bls.gov/cps/cpsrace2010.pdf

McElroy, Susan Williams, “Race and Gender Differences in the U.S. Labor Market: The Impact of Educational Attainment,” in Conrad et al.

Conrad, Cecilia, “Changes in the Labor Market Status of Black Women, 1960-2000,” in Conrad et al, Chapter 17.

B. Explaining Wage Differences – Human Capital vs Discrimination – March 7th

Mason, Patrick, “Persistent Racial Discrimination in the Labor Market,” Conrad, et al. Chapter 15.

Trejo, Stephen, “Why Do Mexican Americans Earn Low Wages?” *Journal of Political Economy*, V105 #6 (December 1997): 1235-68.

Duleep, Harriet and Seth Sanders, “Discrimination at the Top: American-Born Asian and White Men,” *Industrial Relations*, V. 31, #3 (Fall 1992): 416-431.

GROUP PRESENTATION I: IS PROFESSIONAL SPORTS A MERITOCRACY? – MARCH 7TH

- C. Explaining Differences in Employment and Occupations – March 19th
Stoll, Michael, “The Black Youth Employment Problem Revisited,” in Conrad et al.
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*, V. 94, #4, 991-1013.
Pager, Devra, “Discrimination in a Low-Wage Labor Market: A Field Experiment,” *American Sociological Review*, V. 74, #5, 777-799.
Ioannides, Yannis M. and Linda Datcher Loury, “Job Information Networks, Labor Markets and Inequality,” *Journal of Economic Literature*, XLII (December 2004): 1056-1093. OR
Holzer, Harry J., “The Spatial Mismatch Hypothesis: What Has the Evidence Shown,” *Urban Studies*, V. 28, #105(1991):105-122.

GROUP PRESENTATION II: WHY ARE UNEMPLOYMENT RATES PERSISTENTLY HIGHER FOR BLACKS THAN HISPANICS? – MARCH 19TH

- D. The Effect of Antidiscrimination Laws on Racial Disparities in Labor Market Outcomes – March 21st
Heckman, James and Brook S. Payner, “Determining the Impact of Federal Antidiscrimination Policy on the Economic Status of Blacks: A Case Study of South Carolina,” *American Economic Review* v. 79, #1 (1989): 138-77.
Holzer, Harry and David Neumark, “Assessing Affirmative Action”, *Journal of Economic Literature*, v38, n3 (September 2000):483-568.

GROUP PRESENTATION III: DO EEOC ACTIVITIES INHIBIT OR PROMOTE ECONOMIC GROWTH? - MARCH 21ST

IV. The Geography of Race

- A. Trends in Residential Segregation – March 26th
Cutler, David M., Glaeser, Edward L., Vigdor, Jacob L, “The Rise and Decline of the American Ghetto,” *Journal of Political Economy*, Vol. 107 (June 1999): 455-506.
Ross, Stephen L. and Margery Austin Turner, “Housing Discrimination in Metropolitan America: Explaining Changes Between 1989 and 2000” *Social Problems*, V. 52, #2: 152-180.

ASSIGNMENT THREE, Patterns of Housing Segregation – Due March 26th

- B. Evidence of Discrimination in Housing Markets – March 28th
Choi, Seok Joon et al, “Do Rental Agents Discriminate Against Minority Customers? Evidence from the 2000 Housing Discrimination Study,” *Journal of Housing Economics*, V. 14, #1: 1-26.

- Zhao, Bo, Jan Ondrich and John Yinger, "Why Do Real Estate Brokers Continue to Discriminate? Evidence from the 2000 Housing Discrimination Study," *Journal of Urban Economics*, V. 59, n3 (May 2006): 394-419.
- Turner, Margery Austin, Stephan L. Ross, George Galster, and John Yinger, "Discrimination in Metropolitan Housing Markets: National Results from Phase I of HDS2000," Executive Summary.
<http://www.urban.org/url.cfm?ID=410821&renderforprint=1>

GROUP PRESENTATION IV: ARE GHETTOS GOOD OR BAD? – MARCH 28TH

V. Race and Asset Ownership

- A. Racial Differences in Asset Accumulation – April 2nd
- Shapiro, Thomas M. and Jessica L. Kenty-Drake, "The Racial Wealth Gap," in Conrad et al.
- Gittleman, Maury and Edward N. Wolff, "Racial Differences in Patterns of Wealth Accumulation," *Journal of Human Resources*, V. 39, #1 (2004): 193-227.
- Bostic, Raphael, "Have the Doors Opened Wider? Trends in Homeownership Rates by Race and Income," *Journal of Real Estate Finance and Economics*, V. 23, #3,
- Chiteji, Ngina and Darick Hamilton, "Family Connections and the Black-White Wealth Gap Among Middle Class Families," *The Review of Black Political Economy*, V. 30,#1: 9-28.

GROUP PRESENTATION V: WHAT HAS HAPPENED TO THE RACIAL GAP IN HOMEOWNERSHIP SINCE 2008? – APRIL 2ND

- B. Discrimination in Credit Markets – April 9th
- Dymski, Gary A. and Patrick L. Mason, "Racial Inequality and African Americans' Disadvantage in Credit and Capital Markets." In Conrad et al.
- Blanchflower, David, Phillip B. Levine and David J. Zimmerman, "Discrimination in the Small-Business Credit Market," *The Review of Economics and Statistics*, v. 85, #4, 930-943.
- Boccian, Debbie Gruenstein et al, "Race, Ethnicity and Subprime Home Loan Pricing," *Journal of Economics and Business*, V.60, #1-2 (January-February 2008): 110-24.

GROUP PRESENTATION VI: DID THE CRA INCREASE MINORITY ACCESS TO CREDIT? – APRIL 9TH

- C. Business Ownership - April 11th
- Marable, Manning, "History of Black Capitalism," in Conrad et al. Conrad, Cecilia, "Black-Owned Businesses: Trends and Prospects," in Conrad et al.

- Dymski, Gary A. and Robert E. Weems, "Black-Owned Banks: Past and Present," in Conrad et al.
- Boston, Thomas "Black Patronage of Black-Owned Businesses and Black Employment," in Conrad et al.
- Bogan, Vicki, and William Darity, "Culture and Entrepreneurship? African American and Immigrant Self-Employment in the United States," *Journal of Socio-Economics*, Vol. 37, #5 (October 2008): 1999-2019.
- Marion, Justin, "Affirmative Action and the Utilization of Minority- and Women-Owned Businesses in Highway Procurement," *Economic Inquiry*, Vol. 49, #3 (July 2011): 899-915.

GROUP PRESENTATION VII: WHAT EXPLAINS HIGHER RATES OF BUSINESS OWNERSHIP AMONG ASIANS AND HISPANICS THAN AMONG AFRICAN AMERICANS? - APRIL 11TH

VI. Racial Differences in Pre-Market and Non-Market Activity

A. Race and Family Structure – April 18th

Conrad, Cecilia and Mary King, "Single Mothers" in Conrad et al.

B. Racial Differences in Investments in Human Capital and in Academic Achievement – April 23rd-30th

Neal, Derek, "Why Has the Black-White Skill Convergence Stopped?" NBER Working Paper

GROUP PRESENTATION VIII: HOW ARE RACIAL DIFFERENCES IN EDUCATIONAL ATTAINMENT EXPLAINED DIFFERENTLY BY ECONOMISTS THAN BY SCHOLARS IN OTHER DISCIPLINES? - APRIL 25TH

C. Race and the Pursuit of Health and Happiness – May 2nd

ASSIGNMENT GRID

Assignment	Due Date	Points
Quantitative Analysis of Racial Inequality	January 30, 2012	5
Labor Market Problems and Oaxaca-Blinder Decomposition	February 15, 2012	5
Midterm	February 29, 2012	20
Residential Segregation	March 26, 2012	5
Group Presentation	March 7, March 19, March 21, March 28, April 2, April 9, April 11, and April 25	15
Research Paper (related to Group Presentation)	First Draft Due at 5:00 pm on Date of Presentation; Revisions Due One Week Later.	15
Class Participation (6 pts) & Minimum of 3 Response Papers (3 Pts Each) (May substitute one additional response paper for class participation points.)	Response papers due 1 week following presentation.	15
Final Exam	May 7, 2012	20
Total		100

GRADE DEFINITIONS

SCORE	GRADE
$s > 97$	A+
$93 < s \leq 97$	A
$90 < s \leq 93$	A-
$87 < s \leq 90$	B+
$83 < s \leq 87$	B
$80 < s \leq 83$	B-
$77 < s \leq 80$	C+
$73 < s \leq 77$	C
$70 < s \leq 73$	C-
$60 \leq s \leq 70$	D
$s < 60$	F