

Due: March 22

Issue: Is There Discrimination in the U.S. Labor Markets?

Briefly state the main idea that forms the basis of this argument:

Even though discrimination by race has diminished somewhat, and discrimination by gender has diminished substantially neither employment discrimination by race or by gender is close to ending. Moreover, this issue challenges the apparent wage inequalities between races, genders, and jobs. Furthermore, the question arises whether the observed discrimination is caused by market discrimination (demand and supply) or by the deficient skill levels of the different ethnic groups, e.g. African Americans.

List 2 or 3 facts that the author uses to support the idea on the FOR or PRO side:

Statistical research and regression evidence should be treated with extreme care. Nevertheless, these indirect studies found that black men continue to suffer significantly reduced earnings due to discrimination. Another important source of direct evidence is the many audit studies conducted by various other researchers and court cases with large settlements. Most of them find favored conditions for whites, wage inequalities, and lurking discrimination in the labor market.

List 2 or 3 facts that the author uses to challenge the idea on the AGAINST or NEGATIVE side:

The authors base their arguments on the assumption that markets are anonymous, and thus that rational economic actors would not take race, sex, or any other characteristic into considerations. Moreover, the regression results do not show significance and are therefore negligible. Furthermore, Heckman questions the different audit methods as well as the logics and limitations behind them.

List any propaganda, bias or faulty reasoning that you feel exists in either of the articles on this issue?

Both sides come up with controversial and sometimes weak arguments. It seems to be a very difficult task to show statistical evidence for discrimination among U.S. workers. On the other side the purely economic models leave out a lot of information and lead to distorted information and conclusions. The provided technical examples often challenge the reader and leave them without any clear and persuasive conclusion.

Which side of the argument seems to make most sense to you and why?

To state that there is no discrimination in the labor markets seems pretty naïve! Even though the discrimination seen in the workplace is not (always) intentional it happens everyday and everywhere. Efforts to eliminate discrimination by gender and especially the wage inequality are often hard to implement and are restricted by laws or administrative hurdles. Whether further testing or applying economic models to the labor market leads to the desired "evidence" is more of a research area. In order to fight discrimination in the labor markets policies should regulate these issues to reduce the inequalities by the lowest (social) cost possible.