

I. Race and the Labor Market

A. The Labor Market

1. Don't forget: it's an abstraction [$S(w)=D(w)$ determines wage]
2. Key features of market: matching (search; networks); uncertainty (when worker/job characteristics not observable use proxies); specificity (non-contractible investments; general /specific HC; shirking/enforcement problems; OJT often central. Thus:
 - i. Recruitment and worker quality important to employers
 - ii. Job security & turnover concern workers and employers
3. LM combines macro and micro-economic concerns.
4. Extensive regulation: min. wage, union, safety, anti-discrimination laws eg.

B. Race in Labor Market

1. Disparities in employment and wages are significant
2. Likely that both discrimination and skills disparities are involved.
3. Racial discrimination down over time, though skills gap remains
4. Social networks matter (ethnic niches; contacts)
5. Statistical discrimination may be important (race as proxy)
6. Aff. Action often inseparable from fighting discrimination

C. Linkages between markets can have large consequences

1. Housing/credit/employment tied together
2. Intergenerational inequalities pass on historical disadvantage
3. Social segregation; public education matter
4. Group position matters (Waldinger; economy is part of society)
5. Immigration important. Poor blacks left behind? Why?

II. What Is Discrimination? (by race/sex/age/handicap/religion/sex. orientation/ class/looks)

- A. Tastes: prejudice; hatred/enmity; note that "tastes" are endogenous
- B. Information: stereotypes – erroneous/self-fulfilling – "Biased Social Cognition"
- C. Group Position: weight of history; stigma; social vs. economic discrimination

III. Where Does it Occur?

- A. Jobs, Education, Housing, Credit (Discrimination in Contract)
- B. Business dealings; Marriage/Friends/Adoption (Discrimination in Contact)

IV. What (if anything) Is Wrong with It?

- A. Aren't there some venues where "discrimination" is OK?
- B. What if "stereotypes" are accurate?

V. What Can Be Done About It?

- A. Will competitive forces of "the market" take care of it?
- B. What if historic injustice produces permanent disadvantages?