

## REVIEW SHEET FOR EC325

Roughly twenty points of the final will be devoted to material cover material from the lecture before the last midterm through the end of the course (discrimination). The rest of the final will be cumulative. The two previous review sheets should be helpful for preparing for that part of the exam.

I have not yet written the exam and therefore cannot tell you the format. I expect that it will be similar to the midterms. The following is a guide to the sorts of things you should think about. **IT IS NOT EXHAUSTIVE.**

1. Is there a difference between discrimination and prejudice?
2. How is segregation (conceptually) distinct from discrimination?
3. Suppose that the labor market is competitive and that employers (white workers, customers) prefer not to hire (work with, interact with) blacks. Does this generate wage discrimination, segregation or both?
4. Would your answers to question 3 change if the labor market were not competitive?
5. Explain how each of the following models generates wage differentials between blacks and whites?
  - a. Social distance (transactions costs)
  - b. Statistical discrimination
  - c. The theory of self-confirming expectations
6. What policies would be effective in reducing black-white wage differentials under each of the theories?
7. Describe the trend in the black-white wage ratio since 1940.
8. Why have the earnings of black and white men converged over the last 65 years? What are the roles of migration, convergence in education quantity, convergence in education quality, declining labor force participation of low-skill black workers and government policy.
9. What were the principal elements of the 1964 Civil Rights Act?
10. What have audit studies taught us about the existence of race discrimination in the labor market? What are their limitations?
11. People with distinctively African-American names are less likely to be called for interviews, but blacks with African-American names appear to have similar outcomes to those with names that are not distinctively African-American. How can we reconcile these two findings?
12. Neal and Johnson find that controlling for AFQT score, there is no difference between the earnings of black and white men. Is this compelling evidence that there is no discrimination against black men in the labor market?

13. If we control for both AFQT and education, black men earn less than white men. Is this compelling evidence of discrimination against black men in the labor market?
14. The annual earnings of black women and white women in the labor force are roughly equal. Does this mean that there is no labor market discrimination against black women (relative to white women)?
15. How does the high incarceration rate of black men affect estimates of the black-white earnings ratio?
16. What do audit studies tell us about the effect of incarceration on labor market outcomes?
17. What are the strengths and weaknesses of using statistical evidence to influence or determine the decision in discrimination cases?
18. Discuss the role of burden of proof in disparate impact cases.
19. What was the significance of Executive Order 11246?
20. What characteristics of firms are associated with the use of affirmative action in recruiting and hiring? How can we explain this correlation?
21. Did affirmative action in police and fire departments affect the effectiveness of these services?
22. Discuss the evidence that the IQ/test score gap between blacks and whites is at least partially determined by environment.
23. Describe the principal trends over the last thirty years in the black-white gap on the National Assessment of Educational Progress.
24. What accounts for the black-white test score gap?
25. What is the evidence on whether “acting white” has negative consequences for black students?
26. Are primary and secondary schools in the United States resegregating?
27. Does school segregation hurt or help blacks?
28. At selective colleges, black students generally have lower SAT scores than do white students. Does this demonstrate that selective colleges practice reverse discrimination?
29. Using the principal measures of segregation, how did housing segregation change over the 20<sup>th</sup> century. What explains these trends?
30. Suppose that both blacks and whites prefer to live in integrated neighborhoods, explain how differences in the blacks’ and whites’ desired racial mix in integrated neighborhoods could nevertheless result in all neighborhoods being segregated.

31. Does neighborhood segregation have adverse effects on blacks?
32. What is the spatial mismatch hypothesis?
33. Describe the evidence on race discrimination in consumer markets, including credit, housing, automobiles, etc.
34. Suppose that (as some studies find) blacks whose cars are stopped and searched are no more or less likely to be found with drugs than are whites whose cars are stopped and searched. Does this indicate that there is no discrimination against blacks in such searches?
35. Bail bondsmen, on average, charge blacks less for a bond than they do whites for a bond of the same amount. Does this show that bondsmen discriminate in favor of whites?
36. Describe the mechanisms through which greater labor force withdrawal on the part of women can generate wage differentials. Which of these would generally be viewed as discrimination against women?
37. What do the restaurant audit and orchestra audition studies tell us about discrimination against women in the labor market?
38. Is occupational segregation explained by women's preferences?
39. What do wage differentials between heterosexual and homosexual men and between heterosexual and homosexual women tell us about the reasons for the female/male wage differential?
40. Describe the trend in the female-male earnings ratio since 1960. What accounts for this trend?
41. How do differences in earnings between men and women differ by marital status and presence of children? What accounts for these differences?
42. Describe how comparable worth should affect the wages and employment of women? Does actual experience with comparable worth in the public sector support these predictions?

**In addition, you should be able to read a table, explain what the coefficients mean and know whether the parameters are statistically significant.**