

ECONOMICS 154 — Economics of Discrimination Seminar

<http://socs.berkeley.edu/~olney/spring06/econ154>

Meetings: Wednesdays, 2:10 - 5:00 p.m., 103 Genetics & Plant Biology (GPB)

This syllabus is the contract between you and me. Please read it carefully. "I didn't read the syllabus" is not an acceptable excuse for overlooking an assignment, being late, and so on. Prof. Olney

Economics 154 is a seminar course on the economics of discrimination. The primary goal of the seminar is to develop critical reading, research, and writing skills.

Not all difference results from discrimination. Not all discrimination results in observable differences. This course focuses on issues of difference and discrimination associated with race, gender, or nation of birth, focusing particularly on markets other than the labor market. Is there evidence of discrimination in credit markets? Housing markets? In education? A critical skill for economic analysis of discrimination is econometric method, and so in this seminar we will look carefully at the ways in which econometrics has been used to address questions of discrimination.

Economics 154 must be taken for a grade if it is to be used toward the requirements for the major.

Professor's Office Hours

Professor Martha Olney, 691 Evans Hall, 642-6083. E-mail: MOlney@econ.berkeley.edu

Drop-in: Wednesdays, 11:00 a.m. -12:00 noon. Other times on Mondays & Wednesdays, by appointment.

Prerequisites Economics 100A, 100B, and 140 or 141.

Required Textbooks

Becker, Gary. *Economics of Discrimination*. 2d edition. University of Chicago Press, 1971.

McCloskey, Deirdre N. *Economical Writing*. 2d edition. Waveland Press, Inc, 2000.

Turabian, Kate. *A Manual for Writers of Term Papers, Theses, and Dissertations*. 6th revised edition. University of Chicago Press, 1996.

Reader from Copy Central, Bancroft Way.

Most of the articles can be downloaded for free if you are using a Berkeley IP or have the proxy server installed on your computer. So the reader only contains the small handful of articles that aren't available online. The URLs for the articles are active in the pdf version of this syllabus, available at the course website.

Responsibilities: Mine and Yours

My responsibilities are to design appropriate class activities, come to class prepared, encourage class participation, promptly grade papers, be available during scheduled office hours and for scheduled appointments, and stimulate an enthusiasm for economics, for research, and for learning.

Your responsibilities are to attend and participate in class three hours per week, complete all readings by the date shown on the syllabus, complete all assignments on time, write one take-home midterm, write and present team papers, and write and present a term paper.

Special Accommodations

If you require special accommodations due to learning or other disability, please speak with Professor Olney **no later than February 1**. You don't need your official evaluation form by February 1, but you will eventually need to obtain the form from Disabled Students' Program (260 César Chávez Student Center).

Letter of Introduction

For our second meeting, please write a one-page letter of introduction of yourself to Professor Olney. Include your name and anything about yourself that you would like to share. Please include a photo; it will be helpful to me in three years when you ask for a letter of recommendation. Your letter may be typed or handwritten. It may be brought to class on January 25 or sent by e-mail to Prof. Olney. It will not be graded nor returned.

Academic Honesty Policy

In fairness to students who put in an honest effort, cheaters will be treated harshly. Any evidence of cheating will result in a score of zero (0) on that assignment or paper. Incidences of cheating will be reported to Student Judicial Affairs, which may administer additional punishment. Cheating includes plagiarism. **WHAT IS MOST IMPORTANT IS THAT EVERYONE LEARNS THE PROPER METHODS OF CREDITING THEIR SOURCES SO AS TO AVOID INADVERTENT PLAGIARISM.** Plagiarism includes appropriation of whole passages with or without credit, appropriation of words and phrases without credit, appropriation of both main and supporting ideas without credit, and paraphrasing without credit. Plagiarism also includes submitting a paper written by someone else. If you are unsure of how to properly cite sources, ask Professor Olney for guidance.

Course Assignments, Determination of Grades, and Due Dates

There are two big assignments: a take-home midterm and the term paper. To develop researching and writing skills capable of producing a quality research paper, there are a number of other assignments due along the way.

When assignments are completed in Word and emailed to Prof. Olney, comments and edits can be entered electronically and the assignments returned by email. We will (do our best to) use the “drop box” aspect of “bspace.berkeley.edu” for turning in assignments. If this doesn’t work out well, we’ll go back to the usual “print it out and bring it to class” approach.

For each assignment please put your name, the date, **and** (other than those assignments noted below as “no word limit”) **the word count** in the upper right hand corner. Include a brief centered title. Use an 11 or 12 pt font. **Double space** your text. For example:

Martha Olney
January 13, 2006
Word Count: 59

Syllabus for Economics 154

Text starts here. Word count includes only the text, not the title nor the headings at top right. Your word processor has a way of counting the number of words in a block of text. If you don’t know what that is, use the "help" command on your word processor and search for help on "count" or "word count."

Regarding the Assignments

Note: 250 words is approximately one double-spaced, 12 pt font, page with 1 inch margins on all sides.

Letter of Introduction: (no word limit) A one-page paper in which you introduce yourself to Prof. Olney. Please attach a photo of yourself. Handwritten is ok. E-mailed to Prof. Olney is ok.

Library Quiz (no word limit) After the library seminar on February 1, you will receive a quiz by email. Return it to Prof Olney by email or bspace before noon on February 8.

250–300 words: Critical analysis. You will read an article of your choice in an economics journal, identify assumption(s) made by the author(s), and critically analyze the argument(s). Your approach will be based on the method discussed in class on January 25. *Attach the abstract, introduction, and conclusion to your paper.*

250 words maximum: Topic idea. Include a statement of your term paper topic, why it seems interesting, and what researchable questions you might ask. Prof. Olney will give you feedback on your topic idea.

2 - 3 pages (very soft page limit): Data analysis. (no word limit) You will analyze a data set of your choice. Briefly describe the data set (what is being measured, by whom). Using your econometric and analytical skills, present some analysis of the data. Present your results graphically or in a clear table, or both. Clearly explain the empirical results you present. If you cannot locate a data set, you may use one of the data set(s) that Prof. Olney places on the course website.

Annotated bibliography. (no word limit) Prepare a preliminary bibliography for your term paper. Use the citation system given in Turabian (also summarized online at <http://www.lib.berkeley.edu/TeachingLib/Guides/Chicago-Turabianstyle.pdf>). Include at least seven different items. At least two must be academic journal articles. *Annotate your bibliography*; that is, for each item, include one sentence that briefly states what is in the source and a second sentence that explains how the source will be useful.

Data Description and Analysis. (no word limit) Locate a data source relevant to your term paper topic, describe the data source, and present one piece of preliminary analysis. Indicate how your results are relevant to your term paper topic.

TAKE-HOME MIDTERM EXAM. The midterm exam will consist of three or four essay questions addressing the readings. You should be able to write a coherent, clear essay on each topic we have discussed in class, explaining what the issues are, what evidence was presented by the author(s), what conclusion the author(s) came to, and at least one critique of the author(s) argument. Be sure you are completing your “reading guides” on each article as it is assigned; you will need them for the midterm!

750 words maximum: TEAM PAPER: Take a Stand: Pro. In teams of two or three, choose an issue from the options provided in class on March 8, and “take a stand” *in favor* of a policy designed to address the problem. Your position can not be rhetorical. You must defend your position with economic analysis and data. Make your assumptions clear. Present the strongest case possible but do not, even once, resort to rhetorical excess. Don’t demonize your opponents. That’s especially important because of the next assignment.

750 words maximum: TEAM PAPER: Take a Stand: Con. With the same team of two or three, now “take a stand” *against* the same policy you addressed in the “Take a Stand: Pro” assignment. Your position can not be rhetorical. You must defend your position with economic analysis and data. Make your assumptions clear. Present the strongest case possible but do not, even once, resort to rhetorical excess. Don’t demonize your opponents: that was you in the other paper. All team members should contribute to both papers.

Team evaluations: Write a *confidential* evaluation of each person’s contribution to the two “take a stand” papers. Evaluate yourself, too. Should the course grades on the two papers be awarded equally to all team members, or does one person deserve a little more (or less) credit than the other(s)? Give each person, including yourself, a “participation & contribution” score out of a possible 10 points.

PRESENTATION of “Take a Stand” Papers. Each team will present their “Take a Stand” papers, explain the issue addressed, the conceptual points on both sides of the issue, and explain what research they think is needed to try to resolve the debate. Each presentation should be 10 to 15 minutes long.

8 to 10 pages: Draft of at least 50 percent of your term paper. The more you can turn in, the more useful my comments.

PRESENTATIONS. In class, you will offer a 5 to 10 minute presentation of your term paper topic. What is your topic? Why is it interesting? What analysis did you conduct? What is your bottom line?

12 to 15 pages: Term Paper! What you've been building toward all semester. A term paper, on issues of discrimination and difference, race, gender, sexual orientation, nativity, or the like. An economic problem or puzzle, an analysis of the problem, an analysis of a policy proposal, and a conclusion soundly advocating a course of action. Make it something you can include in your grad school applications or recruitment packets.

Assignment (see above for descriptions)	Due Date (2:10 p.m.)	Share of Course Grade
Letter of Introduction	Wed., Jan. 25	0
Library Quiz (questions will be sent via email on 2/1)	Wed., Feb. 8	5
Critical analysis of economics article of your choice (250- 300 words)	Wed., Feb. 15	5
Term paper topic idea (250 words max)	Wed., Feb. 22	loss of 1/3 of grade on term paper if assignment is late
Data analysis of data set of your choice (2 - 3 pp)	Wed., March 1	5
Description of your data set and one piece of preliminary analysis	Wed., March 8	loss of 1/3 of grade on term paper if assignment is late
Annotated Bibliography (minimum 7 items)	Wed., March 15	loss of 1/3 of grade on term paper if assignment is late
Take-home Midterm Exam	Wed., March 22	25
Team Paper: Take A Stand: Pro & Con Team Presentation of Take A Stand Papers	Wed., April 5	15
Team Evaluations	Wed., April 5	loss of entire grade on team papers if not turned in
Paper draft, at least 50 percent complete	Wed., April 12	loss of 1/3 of grade on term paper if assignment is late
Presentations of term papers	Wed., 4/26 & 5/3	5
Term Paper (12 - 15 pages)	Wed., May 3	35
"Reading Guide" Write-ups	most weeks	5

Incentive to Attend and Participate

A “reading guide” form is available on the course website. Each week *starting February 8* you should bring in completed reading guides for the readings we will discuss that day. Before class or during the break, Prof. Olney will skim over your reading guide. Reading guides that appear to reflect “an honest effort” will receive ½ point. 5 points are possible for “reading guide write-ups” but 9 points can be earned. If you earn 6 or more points, you can choose one of the two rewards listed below:

1. One of the papers toward the term paper can be two weeks late with no penalty, OR
2. The points in excess of the first 5 can be used to increase one or more of the 5 point papers to full credit, so long as you earned at least 3 points on that paper in the first place. (You can’t skip an assignment altogether, but you can use attendance to bring a grade from something between 3 and 5 up to 5 points.)

Course Outline and Reading Assignments

Wednesday, January 18

Introduction; Overview of Course; Interests; Background Data

Wednesday, January 25

DUE: Letter of Intro

Background Articles; Discussion of “Doing Research” and Critical analysis. **Be sure to read articles before coming to class!**

READ: (1) Collins, Susan M. “Minority Groups in the Economics Profession,” *Journal of Economic Perspectives* 14 (Spring 2000): 133-148.

<http://links.jstor.org/sici?sici=0895-3309%28200021%2914%3A2%3C133%3AMGITEP%3E2.0.CO%3B2-0;>

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

<http://links.jstor.org/sici?sici=0895-3309%28199821%2912%3A2%3C91%3AWHETSA%3E2.0.CO%3B2-I;>

(3) Blau, Francine D., Marianne Ferber, and Anne Winkler, pages 219-229 from Chapter 7 “The Role of Labor Market Discrimination,” in *The Economics of Women, Men, and Work* 4th edition (Prentice Hall, 2002); (4)

Ladd, Helen F., “Evidence on Discrimination in Mortgage Lending,” *Journal of Economic Perspectives* 12 (Spring 1998): 41-62. **(Focus on just pp. 41 - 45 now.)**

<http://links.jstor.org/sici?sici=0895-3309%28199821%2912%3A2%3C41%3AEODIML%3E2.0.CO%3B2-0;>

(5) Yinger, John, “Evidence on Discrimination in Consumer Markets,” *Journal of Economic Perspectives* 12 (Spring 1998): 23-40. **(Focus on pp 23-29 only.)**

<http://links.jstor.org/sici?sici=0895-3309%28199821%2912%3A2%3C23%3AEODICM%3E2.0.CO%3B2-B>

Wednesday, February 1

Becker, *Economics of Discrimination*; Library Seminar.

READ: Gary Becker, *Economics of Discrimination*, 2d edition, University of Chicago Press, 1971, pp. 9-37.

Wednesday, February 8

DUE: Library Quiz

Finish discussing Becker; Race and Savings and Wealth; Discussion of writing. **Be sure to read articles before coming to class! Reading guides checked starting today.**

READ: (1) McCloskey (entire book - no reading guide due);

(2) Wolff, Edward, “Recent Trends in the Size Distribution of Household Wealth,” *Journal of Economic Perspectives* 12 (Summer 1998): 131-150.

<http://links.jstor.org/sici?sici=0895-3309%28199822%2912%3A3%3C131%3ARTITSD%3E2.0.CO%3B2-U;>

(3) Gittleman, Maury and Wolff, Edward, “Racial differences in patterns of wealth accumulation.” *Journal of Human Resources* 39 (Winter 2004): 193-227

<http://search.epnet.com/login.aspx?direct=true&db=buh&an=12321282> (For better quality, use <http://www.ingentaconnect.com/> from UCB Library’s pathfinder search of journal name);

(4) Chiteji, Ngina and Stafford, Frank. “Portfolio Choices of Parents and Their Children as Young Adults: Asset Accumulation by African-American Families,” *American Economic Review* 89 (May 1999): 377-80.

<http://links.jstor.org/sici?sici=0002-8282%28199905%2989%3A2%3C377%3APCOPAT%3E2.0.CO%3B2-D>

Wednesday, February 15

DUE: "Critical Analysis" (attach copy of article)

Meet in 64 Barrows

Discussion of data sources and econometrics; Reading economics; using Stata

Wednesday, February 22

DUE: Topic Idea

Race & Savings & Wealth, continued; Mortgage Lending & Housing; Discussion of compiling a reading list

READ: (1) **Keister**, Lisa, "Race, Family Structure, and Wealth: The Effect of Childhood Family on Adult Asset Ownership." *Sociological Perspectives* 47 (Summer 2004): 161-187.

<http://caliber.ucpress.net/doi/pdf/10.1525/sop.2004.47.2.161>;

(2) **Ladd** again, this time focusing on pages 45 on.

(3) **Munnell**, Alicia H. et al, "Mortgage Lending in Boston: Interpreting HMDA Data," *American Economic Review* 86 (March 1996): 25-53.

<http://links.jstor.org/sici?sici=0002-8282%28199603%2986%3A1%3C25%3AMLIBIH%3E2.0.CO%3B2-0>

Wednesday, March 1

DUE: Data Analysis

Mortgage Lending & Housing, continued; In class presentations of topic ideas and plans for paper

READ: (1) **Krivo**, Lauren and Kaufman Robert, "Housing and Wealth Inequality: Racial-Ethnic Differences in Home Equity in the United States." *Demography* 41 (August 2004): 585-605

<http://muse.jhu.edu/journals/demography/v041/41.3krivo.pdf>

(2) **Nothaft**, Frank and Chang, Yan. "Refinance and the Accumulation of Home Equity Wealth." In *Building Assets, Building Credit: Creating Wealth in Low-Income Communities*, Nicolas Retsinas and Eric Belsky, editors, 71-102. (Washington DC: Brookings Institution, 2005).

Wednesday, March 8

DUE: Term paper data analysis

Who Are the Unbanked?; Constructing arguments; Forming teams for "Take a Stand" papers

READ: (1) **Stegman**, Michael A. *Savings for the Poor: The Hidden Benefits of Electronic Banking* (Brookings Institution, 1999), pp. 14-37, 173-180.

(2) **Vermilyea**, Todd and James Wilcox, "Who is Unbanked, and Why: Results from a Large, New Survey of Low-and-Moderate Income Adults," Federal Reserve Bank of Chicago Conference on Bank Structure and Competition (May 2002).

http://www.chicagofed.org/news_and_conferences/conferences_and_events/files/2002_bank_structure_who_is_unbanked_and_why.pdf

(3) **Berry**, Christopher. "To Bank or Not to Bank? A Survey of Low-Income Households." In *Building Assets, Building Credit: Creating Wealth in Low-Income Communities*, Nicolas Retsinas and Eric Belsky, editors, 47-70. (Washington DC: Brookings Institution, 2005).

(4) **Dymski**, Gary, and Mohanty, Lisa. "Credit and Banking Structure: Asian and African-American Experience in Los Angeles." *American Economic Review* 89 (May 1999): 362-366.

<http://links.jstor.org/sici?sici=0002-8282%28199905%2989%3A2%3C362%3ACABSAA%3E2.0.CO%3B2-R>

Wednesday, March 15

DUE: Annotated Bibliography

Financial Markets (may get pushed to April 12)

READ: (1) **Barber**, Bard M. and Terrance Odean, "Boys Will Be Boys: Gender, Overconfidence, and Common Stock Investment," *Quarterly Journal of Economics* 116 (February 2001): 261 - 292.

<http://search.epnet.com/login.aspx?direct=true&db=buh&an=4102987>. (For better quality, use <http://www.ingentaconnect.com/> from UCB Library's pathfinder search of journal name)

(2) **Jianakoplos**, Nancy Ammon and Alexandra Bernasek, "Are Women More Risk Averse?" *Economic Inquiry* 36 (October 1998): 620-630. <http://ei.oxfordjournals.org/cgi/reprint/XXXVI/4/620>

Wednesday, March 22

DUE: TAKE-HOME MIDTERM EXAM due 2:00 p.m.

no class: Midterm due

Wednesday, March 29

Spring Break: no class

Wednesday, April 5

Team presentations of “Take a Stand” papers

DUE: Take A Stand Papers and Team Evaluations

Wednesday, April 12

Education

DUE: Draft of 50%+ of Term Paper

READ: (1) **Schiller**, Bradley, (**no reading guide due**) Chapter 9 of *The Economics of Poverty and Discrimination*, 7th edition, Prentice-Hall, 1998

(2) **Currie**, Janet and Duncan Thomas, “Does Head Start Help Hispanic Children?” *Journal of Public Economics* 74 (November 1999): 235-262 [http://dx.doi.org/10.1016/S0047-2727\(99\)00027-4](http://dx.doi.org/10.1016/S0047-2727(99)00027-4)

(3) **Garces**, Eliana; Duncan Thomas; and Janet Currie. “Longer-Term Effects of Head Start.” *American Economic Review* 92 (Sep. 2002): 999-1012.

<http://links.jstor.org/sici?sici=0002-8282%28200209%2992%3A4%3C999%3ALEOHS%3E2.0.CO%3B2-8>

Wednesday, April 19

Education, continued; Earnings & Sexual Orientation

READ: (1) **Jacob**, Brian A. “Where the Boys Aren't: Non-cognitive Skills, Returns to School and the Gender Gap in Higher Education.” *Economics of Education Review* 21 (December 2002): 589-598.

[http://dx.doi.org/10.1016/S0272-7757\(01\)00051-6](http://dx.doi.org/10.1016/S0272-7757(01)00051-6)

(2) **Clain**, Suzanne Heller, and Leppel, Karen, “An Investigation into Sexual Orientation Discrimination as an Explanation for Wage Differences.” *Applied Economics* 33 (January 2001): 37-47

<http://www.metapress.com/openurl.asp?genre=article&issn=0003-6846&volume=33&issue=1&spage=37>

Wednesday, April 26

Presentations of term papers

DUE: Presentations

Wednesday May 3

Presentations, continue

Pizza after class.

DUE: Term Papers!