EC 341: The Economics of Black/White Inequality

Professor Andrew Beauchamp
Fall 2013
Office: 492 Maloney Hall
o: (617) 552-4055
e: beauchaa@bc.edu

Course Description:
The toolkit of applied microeconomists is incredibly useful for posing and answering questions across the social sciences and beyond. In prior course work you have built a foundation on economic and econometric theory. Now comes the important part: actually using that foundation to examine questions.

This course will combine lectures with course readings on a variety of topics related to black/white inequality. Racial inequality has been a topic of scholarly interest in applied microeconomics for decades. Discrimination, crime, schooling, labor market and household behavior all interact with and contribute to observed racial inequality. We will discuss each of these topics in turn, examining both the statistical methods used in modern economic analysis and the importance of the insights gained for understanding the causes, consequences and future of inequality.

The course has three main goals: (1) through lectures and course readings students’ understanding of, and ability to use, applied microeconometric tools will be substantially increased, (2) course readings will expose students to a series of interesting, real-world, and policy relevant questions that have been addressed by using the techniques we cover, and (3) allowing students a chance to integrate their prior course work into a serious and original written paper which conducts at least some level of empirical economic analysis regarding black/white inequality.

While I hope this course is worth taking for its current value, further training in statistics and the techniques we discuss is very helpful in many of the future endeavors you may be considering: graduate school (e.g. an MBA, MPP, MPH), law school, health sciences programs, and working with market based research in the business world. Distinguishing causation from correlation is a fundamental problem in empirical work in all these areas, and this course will help make you conversant in these statistical arguments.

Prerequisite: EC 228, or equivalent. No exceptions. This cannot be taken concurrently.

Reading: There are no required textbooks for the class. Your Econometrics textbook from EC228 should have enough detail to answer any technical questions which arise.

Jump drive. You should have access to a USB thumb drive to save your work and transport data easily. BC’s file system is outdated.

Many journal articles are linked through this Syllabus, and require only that you be within the BC network to access (more on off-campus access below).

Lectures:
Lectures are scheduled from 12pm to 1:15pm on T TH.

Office Hours: W after class or by appointment.

Expectations: Students are expected to attend class, to read the reading prior to class, to not be late to class, to participate in classroom discussions, to hand in assignments when due, and to NOT engage in academic dishonesty. When presenting students are expected to act, dress and speak in a professional manner.

Evaluation: Grades for this course will be based on:
- Quizzes, Participation and Attendance (20%)
- Two homework assignments (2.5% each),
• An econometrics short exam (15%),
• Two classroom presentations (20%, 10% each),
• Two shorter drafts of the paper sections (10%, .5% each),
• The final version of your research project (30%).

**Quizzes and Participation:** This course is designed to present interesting questions, and integrate the insights of economic theory into the real world. Attendance and participation are mandatory. You are expected to arrive at class with two pieces of information following every reading assignment: (1) something you did not understand from the paper, (2) something you learned from the paper. Participation includes asking and answering questions of and from the instructor and your peers. I will keep tabs on who asks or answers questions as a means of who participates. Full participation means asking or answering a question at least 1 time per week. Roughly ten short (less that 10 minute) quizzes will be administered throughout the semester. The quizzes will ask questions regarding the assigned reading and serve to ensure active fulfillment of the reading requirements. The lowest two quiz scores will be dropped. The participation score is designed to encourage in-class discussion of the economic and social issues studied in the papers.

**Attendance:** Attendance is required. The difficulty of the material, the frequency of presentations by you and your classmates, and the lack testing as an enforcement mechanism all mean it is important for you to be in class. Following the Sept. 11th drop-add deadline you can miss up to 3 classes, after that each absence will reduce the final grade by a 1%. If you skip (i.e. you have no written excuse for missing) your classmates’ presentation you will also lose a 1%.

**Papers:** The work you are expected to do in this class centers on a research question and you may work in groups of between 1-3 students. At or before the final exam period a 15 (or more) page paper is due which poses, outlines, and answers your original empirical question. It should be double spaced, 12 point type, one inch margins, with a complete set of tables/figures and bibliography. At two points in the semester (roughly 5 page) portions of the paper will be due: the introduction and literature review will be due (Oct 18th); the data and the empirical strategy sections, will be due by Nov 20th (this section will outline what data and statistical techniques will use to answer the question of interest).

**Presentations:** You will be required to make a short presentation on your topic twice during the semester, for exactly 15 minutes, followed by 5-10 minutes of questioning. Learning to budget time is an essential skill, and this is a good chance to practice it. You will be marked down if you use more or less time. The first presentations will cover the question of interest and the prior work on the topic. In the second presentation you will discuss the data and empirical strategy. The requirement for the second presentation is that at least one table from the data set you are using must be included. Thus you must have accessed the data in advance of this presentation.

**Finding a question:** Some students will have formulated clear questions to pursue, many will not. One strategy for successfully completing this course to build on a published paper by critically evaluating it and extending its methodology and/or the data used for analysis.

**Creating a Group:** You are welcome to sort into your own groups of 2 or 3 students during the first week of the course. After the third lecture I will assign groups based on whatever feedback you give me in terms of your areas of interest. If you are not in a group by Sept 11, email me your area of interest from the 5 topical headings below.

**Data:** The best place to find data is to follow up on papers on the syllabus, and to discuss your question of interest with the TA (Jacob Penglase penglase@bc.edu) or myself.

Additionally data from many research papers are publically available. If you think of an innovation to make to one of the papers we discuss in class, journal web-pages like: [http://www.aeaweb.org/aer/index.php](http://www.aeaweb.org/aer/index.php), are a great places to find data.
**Software:** Access to the Stata statistical package, version 10.x or 11.x. Stata is available to all BC community members on http://apps.bc.edu; it may also be used in the O'Neill Library CTRC. Personal copies may also be purchased. To use Stata through apps.bc.edu, you must first install the Citrix Receiver (Link

You may access Stata, on or off campus, from your own computer using the BC Applications Server (http://apps.bc.edu). Off-campus use may require the use of VPN on your machine (see the Help Center). An adequate number of copies of Stata for both Windows and Mac OS X platforms have been installed in the CTRC in O'Neill.

**Outline of Topics** (Subject to Changes):

**Econometrics and IV:**
Problems With Instrumental Variables Estimation When the Correlation Between the Instruments and the Endogenous Explanatory Variable Is Weak (Sections 1,3)
Bound, Jaeger and Baker
[Paper](#)

Early-Life Sources of Inequality:
Inequality at Birth: Some Causes and Consequences
Janet Currie, Ely Lecture
[Paper](#)

The American Family in Black and White: A Post-Racial Strategy for Improving Skills to Promote Equality
James J. Heckman
[Paper](#) [Online Appendix](#)

School Quality and the Longer-Term Effects of Head Start
Currie and Thomas (1995)
[Paper](#)

**Education:**
Understanding the Black-White Test Score Gap in the First Two Years of School
Roland G. Fryer Jr., Steven D. Levitt
[Paper](#) [Data](#) (ELCS-K)

School Resources and Student Outcomes: An Overview of the Literature and New Evidence from North and South Carolina
David Card and Alan B. Krueger
[Paper](#)

The Effects of Catholic Secondary Schooling on Educational Achievement (pp. 98-123)
Derek Neal
[Paper](#) [Data](#) (NLSY), [Church and Church Membership](#)

Are High-Quality Schools Enough to Increase Achievement Among the Poor? Evidence from the Harlem Children’s Zone
Will Dobbie, Roland G. Fryer Jr.
[Paper](#)

**Criminal Activity and Prosecution:**
An Alternative Test of Racial Prejudice in Motor Vehicle Searches: Theory and Evidence
Shamena Anwar and Hanming Fang
[Paper](#) [Data](#)

The Impact of Jury Race in Criminal Trials
Shamena Anwar, Patrick Bayer and Randi Hjalmarsso
[Paper](#)

Juvenile Incarceration & Adult Outcomes: Evidence from Randomly-Assigned Judges
Joseph Doyle and Anna Aizer
[Paper](#)
Segregation:
The Rise and Decline of the American Ghetto
Cutler, Glaeser and Vigdor (1999)
    Paper  Data (IPUMS, Census and CPS)
School Desegregation, School Choice, and Changes in Residential Location Patterns by Race
Nathaniel Baum-Snow and Byron F. Lutz
    Paper  Data
    Paper
The Wrong Side(s) of the Tracks: The Causal Effects of Racial Segregation on Urban Poverty and Inequality
Elizabeth Oltmans Ananat
    Paper  Data

Discrimination and Wage Gaps:
The Role of Premarket Factors in Black-White Wage Differences
Derek Neal and William Johnson
    Paper
Education and Labor Market Discrimination
Lang, Kevin, and Michael Manove
    Paper  Data
Prejudice and Wages: An Empirical Assessment of Becker’s The Economics of Discrimination
Kerwin Kofi Charles and John Guryan
    Paper  Data (GSS)

Schedule
9/4   – Intro and Metrics Review
9/9   – Review
9/11  – Review
9/16  – Review, Groups assigned.
9/18  – Review (Homework 1 Due)
9/23  – Review
9/25  – Review, Must have met with Beauchamp regarding your topic.
9/30  – Review
10/2  – Review (Homework 2 Due)
10/7  – Metrics Short Exam
10/9  – Lecture
10/14 – Columbus Day -No Class
10/16 – Question and Background Presentations, 15 minutes each group
10/21 – Question and Background Presentations, 15 minutes each group, cont’d
10/23 – Lecture
10/28 – Lecture, Motivation and Background sections due
10/30 – Lecture
11/4  – Lecture, Must have met with Beauchamp regarding your data.
11/6  – Lecture
11/11 – Data and Empirics Presentations, 15 minutes each group
11/13 – Data and Empirics Presentations, 15 minutes each group
11/18 – Lecture
11/25 – Lecture, Data and Empirical Strategy sections due before you leave for Thanksgiving
11/27 – Thanksgiving Holiday
12/2  – Lecture
12/4  – Lecture
12/9  – Lecture
Final Exam Date: Project due.