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Econ 321

HW#3 (*Please type all answers*)

- I. (Answer each of the following in 1-2 sentences)
 - A. Which class in college has given you the *most* job-related skills?
 - B. Which class in college has given you the *least* job-related skills?
 - C. What percent of the first class was "signaling" (as opposed to job-related training)? What percent of the second class was "signaling"?
- II. Provide an explanation *other than* pure discrimination that could account for the following group differences. (You do not need to **agree** with your explanation; just try to make it plausible).
 - A. Blacks with college degrees earn less than whites with college degrees.
 - B. Married men without children earn more than single men.
 - C. People with criminal records earn less than other people with identical education and intelligence.
 - D. There are so few Asians in professional basketball.
 - E. Japanese-Americans earn more than white Americans.
 - F. Teachers earn less than equally-educated non-teachers.
- III. Discrimination is less costly when wages exceed market-clearing levels. Is there *any* incentive for employers to avoid discrimination when wages are too high? (1 paragraph)
- IV. Sowell (*Race and Culture*) discusses segregation of Jewish and Gentile workplaces.
 - A. What efficiency rationale for this form of segregation does Sowell offer?
 - B. What happened to this labor market in fields with small Jewish populations?
- V.
 - A. Briefly, carefully, and neutrally state one stereotype that you are familiar with (but not necessarily in agreement with).
 - B. Would you expect this stereotype to be "self-fulfilling"? Why or why not?
 - C. Search the world-wide web or consult another reference source to check the accuracy of your stereotype. How close to the truth was your stereotype?
- VI. Suppose male and female employers are equally productive when employed, being worth \$15/hr, and work 2000 hours/year. But 10% of female employees (and 0% of males) under the age of 30 plan on leaving work to have children, costing their employers \$15,000 in re-training expenses.

- A. Diagram the market for male and female labor if employers statistically discriminate. How does the equilibrium female wage compare to the equilibrium male wage?
- B. How much are women who don't leave work *underpaid* relative to their productivity? How much are women who do leave work *overpaid* relative to their productivity?
- C. What would happen to the male-female average wage gap if female employees could give their employer a "money-back guarantee"?
- VII. Suppose that workers who speak fluent English are more productive than workers who don't speak fluent English. Using S&D curves for both types of labor, show the effect of banning wage differences as "discriminatory."
- VIII. Discuss the impact of technological change since 1900 on BOTH supply AND demand for female labor. (1 paragraph)
- IX. Give an example of statistical discrimination in the dating market and discuss its effects. (1 paragraph)
- X. Find an opinion piece in a newspaper or magazine that relies on **either** "the standard history of discrimination" **or** "the standard history of gender." What aspects of the opinion piece would Caplan agree with? What precisely would he disagree with? (1 paragraph)