

George Mason University
School of Public Policy

Draft Syllabus:
Advanced Micro-Economic Analysis for Policy Research

Spring 2014

Instructor: John S. Earle (earle@gmu.edu)
Office: Founders Hall 533, (703)993-8023
Office hours: Tuesdays, 1:30-3 p.m., or by appointment

This course introduces PhD and well-prepared MA students to micro-economic models and methods useful in policy evaluation and research. Pre-requisites include core PhD courses in microeconomics and statistics/econometrics, as well as a good understanding of differential calculus which will be relied on throughout the course; integral calculus will be used more sparingly. Relevant theory will be presented and discussed, but the course will emphasize what most policy economists do: applied research that tests or calibrates theories, that evaluates the impact of institutions and policies, or that simply attempts to provide careful description of important policy-relevant phenomena. The learning objectives also include critical understanding of structural economic models and program evaluation methods.

The assignments for the course are designed not only to further understanding of topics in micro-economic analysis but also to develop students' abilities as policy researchers. In addition to a comprehensive final exam, there are two (possibly linked) writing assignments: a referee report and an optional term paper. The referee report is a short analysis of an empirical micro-economics paper describing its contribution to existing research and making criticisms and suggestions for improvement, and the replication project involves reproducing the analysis in some (possibly the same) paper. The paper to be refereed must be chosen by February 14 and the referee report is due March 3.

The optional term project may take two forms. The first is a research replication, with modifications designed to test the robustness of the original results. The second is a careful summary of existing research on a specific question. A research prospectus for these should be submitted by March 24 (by email), and the term project is due April 25. The prospectus and term paper should be presented to the class. Organizing the assignments this way provides an opportunity to explore some area of interest more deeply, to carry out empirical research using microdata, and to experience the process of designing, implementing, and writing a research paper. Students are strongly encouraged to choose the research replication. More details on these writing assignments will be available shortly.

There are two grading options. Option 1 is based on the final exam (80%), referee report (10%), and quality of class participation (10%). Option 2 includes the term project, and the exam score counts for 40%, the referee report 10%, class participation 10%, the prospectus 5%, and the term paper 35%. The final exam will be given during the normal exam period in May on a date assigned by the University. The final exam under Option 2 will consist of about half as many questions as under Option 1, permitting a choice to encourage students to pursue areas of interest in greater depth.

Outline of Topics (preliminary)

This list of topics (as well as the list of readings) is far too long to be covered in a single semester. We will cover several of these with certainty and the others with probabilities proportional to the extent of student interest. Measures of interest include choice of papers for referee reports and term papers and direct expressions of interest from students.

1. Research Approaches and Methods in Micro-Economics
2. Neo-classical theory of the firm
 - a. The neo-classical model of profit maximization
 - b. Testing the empirical predictions of the model
 - c. Demand elasticities
 - d. Minimum wage
 - e. Payroll tax incidence
 - f. Job creation policies
 - g. Heterogeneous Labor Demand
3. Adjustment costs, industry dynamics, and reallocation
 - a. Dynamic factor demand
 - b. Entry and exit
 - c. Job reallocation
 - d. Policies and frictions
4. Productivity
 - a. Differentials and determinants
 - b. Dispersion within industries
 - c. Dynamics
5. Labor supply (application of consumer theory)
 - a. Individual: static and dynamic
 - b. Family decision-making
 - c. Behavioral approaches
 - d. Evaluating social insurance and social assistance programs
6. Institutions and interactions
 - a. Trade unions
 - b. Social interactions and network externalities
7. Labor Supply Shocks
 - a. Immigration impacts on native workers
 - b. Baby booms and abortions
8. Human capital
 - a. Education, training, and earnings
 - b. Specific capital and matching
 - c. Estimation
9. Inequality
 - a. Measurement
 - b. Decompositions

- c. Skill-Biased Technical Change, International Trade, and Institutions
10. Mobility
 - a. Search theory
 - b. Job-to-job mobility
 - c. Migration and immigration decisions
 11. Unemployment
 - a. Labor force dynamics
 - b. Unemployment insurance and unemployment duration
 - c. Training and other “active” labor market programs
 12. Discrimination
 - a. Theories
 - b. Measurement

Reading list (preliminary)

For review of mathematical concepts, please consult *Fundamental Methods of Mathematical Economics*, by Alpha C. Chang (McGraw Hill), or a similar textbook. For review of economic theory, see the graduate texts by Varian or Mas-Colell, Whinston, and Green. For econometrics, see the following:

Angrist, Joshua, and Steve Pischke, *Mostly Harmless Econometrics*, 2008.

Wooldridge, Jeff, *Econometric Analysis of Cross-Section and Panel Data*, 2nd Edition, 2010.

Wooldridge, Jeff, *Introductory Econometrics*, 5th Edition, 2012.

The reading list below serves several functions: it includes literature reviews (typically books, *Handbook* chapters, and *Journal of Economic Perspectives* or *Journal of Economic Literature* articles), “classic” works that any professional policy economist should be familiar with, and articles that illustrate certain pedagogical points for this course. Essential (“required”) readings are indicated with an asterisk, and additional papers are supplied as suggestions both for the replication projects and for further reading on topics of particular student interest. These additional papers may be referred to sometimes in lectures. Articles and even book chapters are readily available on the web, including through library.gmu.edu.

1. Research Approaches and Methods

*Arulampalam, W., J. Hartog, T. MaCurdy, and J. Theeuwes, “Replication and Re-Analysis.” *Labour Economics*, Vol. 4(2), 99-108, June 1997.

*Moffitt, Robert A., “New Developments in Econometric Methods for Labor Market Analysis.” *Handbook of Labor Economics*, Vol. 3A, 1999, Section 1 (rest of chapter is recommended review).

*Pencavel, John, *Labor Markets Under Trade Unionism: Employment, Wages, and Hours*. Blackwell: Cambridge, 1991. Chapter 1.

*Angrist, Joshua, “Introduction to the JBES Symposium on Program and Policy Evaluation.” *Journal of Business and Economic Statistics*, Vol. 13(2), 133-136, April 1995.

*Keane, Michael P., and Kenneth I. Wolpin, “Introduction to the JBES Special Issue on Structural Estimation in Applied Microeconomics.” *Journal of Business and Economic Statistics*, Vol. 15(2), 111-114, April 1997.

Angrist, Joshua, and Alan Krueger, "Empirical Strategies in Labor Economics." *Handbook of Labor Economics*, Vol. 3A, 1999, Sections 1-2.

Rosenzweig, Mark R., and Kenneth I. Wolpin, "Natural Natural Experiments in Economics." *Journal of Economic Literature*, Vol. 38, 827-874, December 2000.

Hamermesh, Daniel S., "Replication in Economics, NBER Working Paper 13026, April 2007. "Briefing: Unreliable research." *Economist*, Oct 19, 2013.

2. Neoclassical Theory of the Firm

*Chapter on theory of the firm in Varian (Chapter 1 in my old edition) or other graduate textbook.

Bond, Stephen and John Van Reenen, "Microeconomic Models of Investment and Employment", in J.J.Heckman and E.E.Leamer, eds., *Handbook of Econometrics*, Vol. 6A, 4417-98, 2007.

Hamermesh, Daniel, *Labor Demand*. Princeton: Princeton University Press, 1993, Chapters 1-3.

*Pencavel, John, and Ben Craig, "The Empirical Performance of Orthodox Models of the Firm: Conventional Firms and Worker Cooperatives." *Journal of Political Economy*, 718-744, August 1994.

*Card, David, "Unexpected Inflation, Real Wages, and Employment Determination in Union Contracts." *American Economic Review*, 669-688, September 1990.

Gruber, Jonathan, "The Incidence of Payroll Taxation: Evidence from Chile." *Journal of Labor Economics*, Vol. 15(3), pt. 2, S72-S101, July 1997.

Angrist, Joshua, "Short-Run Demand for Palestinian Labor." *Journal of Labor Economics*, Vol. 14(3), 425-453, July 1996.

Hunt, Jennifer, "Has Work-Sharing Worked in Germany?" *Quarterly Journal of Economics*, Vol. 114(1), 117-148, February 1999.

3. Adjustment Costs, Industry Dynamics, and Reallocation

Hamermesh, Daniel, *Labor Demand*. Chapters 4, 6, 7.

Oi, Walter, "Labor as a Quasi-Fixed Factor." *Journal of Political Economy*, Vol. 70(6), 538-555, December 1962.

Hamermesh, Daniel, "Labor Demand and the Structure of Adjustment Costs." *American Economic Review*, 674-689, September 1989.

*Hamermesh, Daniel, and Gerard Pfann, "Adjustment Costs in Factor Demand." *Journal of Economic Literature*, Vol. 34, 1264-92, September 1996.

*Davis, Steven J., and John Haltiwanger, "Gross Job Flows." In *Handbook of Labor Economics*, Vol. 3B, Orley C. Ashenfelter and David Card (eds.). Amsterdam: Elsevier, 1999.

Abowd, John M. and Francis Kramarz (2000), "The Costs of Hiring and Separations." *Labour Economics*, Vol. 10, 499-530, 2003.

Acemoglu, Daron, and Joshua Angrist, "Consequences of Employment Protection? The Case of the Americans with Disabilities Act." *Journal of Political Economy*, Vol. 109(51), 915-957, October 2001.

Bertrand, Marianne, and Frances Kramarz, "Does Entry Regulation Hinder Job Creation? Evidence from the French Retail Industry." *Quarterly Journal of Economics*, 2002.

4. Trade Unions

*Pencavel, John, *Labor Markets Under Trade Unionism: Employment, Wages, and Hours*. Blackwell: Cambridge, 1991. Chapters 2.1-2.3, 3.1-3.3, 3.6-3.7, 4.1-4.7, 5.1-5.4, 5.7-5.9.

*DiNardo, John, and David S. Lee, "Economic Impacts of New Unionization on Private Sector Employers: 1984-2001." *Quarterly Journal of Economics*, 1383-1441, 2004.

Brown, James N., and Orley Ashenfelter, "Testing the Efficiency of Employment Contracts." *Journal of Political Economy*, Vol. 94, S40-S87, 1986.

MaCurdy, Thomas E., and John H. Pencavel, "Testing Between Competing Models of Wage and Employment Determination in Unionized Markets." *Journal of Political Economy*, Vol. 94, S3-S39, 1986.

Robinson, Chris, "The Joint Determination of Union Status and Union Wage Effects: Some Tests of Alternative Models." *Journal of Political Economy*, Vol. 97(3), 639-667, June 1989.

Card, David, "The Effects of Unions on the Structure of Wages: A Longitudinal Analysis," *Econometrica*, 957-979, 1996.

5. Heterogeneous Labor Demand

*Judith K. Hellerstein, David Neumark, and Kenneth R. Troske, "Wages, Productivity, and Worker Characteristics: Evidence from Plant-Level Production Functions and Wage Equations." *Journal of Labor Economics*, 409-46 July 1999.

*Ciccone, Antonio, and Giovanni Peri, "Long-run Substitutability between More and Less Educated Workers: Evidence from U.S. States." *Review of Economics and Statistics*, Vol. 87, 652-663, November 2005.

Goldin, Claudia, and Lawrence F. Katz, "The Origins of Technology-Skill Complementarity." *Quarterly Journal of Economics*, Vol. 113, 693-732, 1998.

Autor, David H., "Outsourcing at Will: The Contribution of Unjust Dismissal Doctrine to the Growth of Employment Outsourcing." *Journal of Labor Economics*, Vol. 21(1), 1-42, January 2003.

Berman, Eli, John Bound, and Zvi Griliches, "Changes in the Demand for Skilled Labor Within U.S. Manufacturing: Evidence from the Annual Survey of Manufacturers." *Quarterly Journal of Economics*, 367-397, May 1994.

Berman, Eli, John Bound, and Stephen Machin, "Implications of Skill-Biased Technological Change: International Evidence." *Quarterly Journal of Economics*, November 1998.

Machin, Stephen, and John Van Reenen, "Technology and Changes in Skill Structure: Evidence from Seven OECD Countries." *Quarterly Journal of Economics*, November 1998.

6. Immigration and Cohort Effects

Card, David E., "The Impact of the Mariel Boatlift on the Miami Labor Market." *Industrial and Labor Relations Review*, Vol. 43, 245-257, 1990.

*Borjas, George J., "The Labor Demand Curve Is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market." *Quarterly Journal of Economics*, Vol. 118, 1336-1374, November 2003.

*Card, David E., "Is the New Immigration Really So Bad?" *Economic Journal*, Vol. 115, F300-F323, November 2005.

Angrist, Joshua, and Adriana Kugler, "Protective or Counter-Productive? Labour Market Institutions and the Effect of Immigration on EU Natives." *Economic Journal*, Vol. 113, F219-F239, June 2003.

Welch, Finis, "Effects of Cohort Size on Earnings: The Baby Boom Babies' Financial Bust." *Journal of Political Economy*, Vol. 87(5), pt. 2, S65-97, 1979.

*Pop-Eleches, Cristian, "The Impact of an Abortion Ban on Socio-Economic Outcomes of Children: Evidence from Romania." *Journal of Political Economy*, Vol. 114(4), 744-773, August 2006.

Macunovich, Diane J., "The fortunes of one's birth: Relative cohort size and the youth labor market in the United States." *Journal of Population Economics*, Vol. 12, 215-272, 1999.

7. Wage Inequality and Skill-Biased Technical Change

Acemoglu, D., "Technical Change, Inequality, and the Labor Market." *Journal of Economic Literature*, Vol. XL(1), 7-72, March 2002.

Card, David, and John E. Di Nardo, "Skill-Biased Technological Change and Rising Wage Inequality: Some Problems and Puzzles." *Journal of Labor Economics*, Vol. 20(4), 733-783, 2002.

Gottschalk, Peter, and Robert Moffitt, "Trends in the Transitory Variance of Earnings in the U.S." *The Economic Journal*, Vol. 112(478), C68-C73, 2002.

Guadalupe, Maria, "Product Market Competition, Returns to Skill, and Wage Inequality." *Journal of Labor Economics*, Vol. 25(3), 439-74, July 2007.

Juhn, Chinhui, Kevin M. Murphy, and Brooks Pierce, "Wage Inequality and the Rise in Returns to Skill." *Journal of Political Economy*, Vol. 101(3), 410-442, 1993.

*Katz, Lawrence F., and David H. Autor, "Changes in the Wage Structure and Earnings Inequality." *Handbook of Labor Economics*, Vol. 3A, North-Holland, 1999.

*Katz, Larry, David Autor, and Melissa Kearney, "The Polarization of the U.S. Labor Market." *American Economic Association Papers and Proceedings*, 189-194, May 2006.

Kijima, Yoko, "Why Did Wage Inequality Increase? Evidence from Urban India 1983-99." *Journal of Development Economics*, Vol. 81(1), 97-117, October 2006.

Koeniger, Winfried, Marco Leonardi, and Luca Nunziata, "Labor Market Institutions And Wage Inequality." *Industrial and Labor Relations Review*, Vol. 60(3), 340-356, April 2007.

*Lemieux, Thomas, "Increasing Residual Wage Inequality: Composition Effects, Noisy Data, or Rising Demand for Skill?" *American Economic Review*, Vol. 96(3), 461-498, June 2006.

8. Individual Consumer Demand and Labor Supply

*Chapter on theory of the consumer in Varian or other graduate textbook.

*John Pencavel, "Labor Supply of Men: A Survey." In *Handbook of Labor Economics*, Vol. 1, Chapter 1, North-Holland, 1986. Page 1-7.

*Blundell, Richard, and Thomas MaCurdy, "Labor Supply: A Review of Alternative Approaches." In *Handbook of Labor Economics*, Vol. 3A, North-Holland, 1999. Sections 1, 4, 5, 6.

MaCurdy, Thomas, "An Empirical Model of Labor Supply in a Life-Cycle Setting." *Journal of Political Economy*, Vol. 89, 1059-1085, 1981.

Becker, Gary, "A Theory of the Allocation of Time." *Economic Journal*, Vol. 75, 493-517, 1965.

*Peracchi, Franco, and Finis Welch, "Trends in Labor Force Transitions of Older Men and Women." *Journal of Labor Economics*, Vol. 12(2), 1994.

Mulligan, Casey, "Substitution Over Time: Another Look at Labor Supply over the Life Cycle." *Macroeconomics Annual*, NBER, 1998.

Pencavel, John, "The Market Work Behavior and Wages of Women: 1975-94," *Journal of Human Resources*, Vol. 33 (4), 772-804, Fall 1998.

Pencavel, John, "A Cohort Analysis of the Association between Work and Wages among Men." *Journal of Human Resources*, Vol. 37(2), 251-274, Spring 2002.

Katz, Larry, and Claudia Goldin, "The Power of the Pill: Oral Contraceptives and Women's Career and Marriage Decisions." *Journal of Political Economy*, Vol. 110, 730-770, August 2002.

Ziliak, James P., and Thomas J. Kniesner, "The Effect of Income Taxation on Consumption and Labor Supply." *Journal of Labor Economics*, Vol. 23(4), 769-796, October 2005.

9. Behavioral Approaches to Labor Supply

*Camerer, Colin, Linda Babcock, George Loewenstein, and Richard Thaler, "Labor Supply of New York City Cabdrivers: One Day at a Time." *Quarterly Journal of Economics*, 407-441, May 1997.

*Farber, Henry S., "Is Tomorrow Another Day? The Labor Supply of New York City Cabdrivers." *Journal of Political Economy*, Vol. 113(1), 46-82, 2005.

10. Social Interactions

*Young, H. Peyton, "The Economics of Convention." *Journal of Economic Perspectives*, Vol. 10(2), 105-122, Spring 1996.

Bandiera, Oriana, Iwan Barankay, and Imran Rasul "Social Preferences and the Response to Incentives: Evidence from Personnel Data." *Econometrica*, Vol. 77, 1047-94, July 2009.

Woittiez, Isolde, and Arie Kapteyn, "Social Interactions and Habit Formation in a Model of Female Labour Supply." *Journal of Public Economics*, Vol. 70, 185-205, 1998.

Moffitt, Robert, "Policy Interventions, Low-Level Equilibria, and Social Interactions," in *Social Dynamics*, edited by Steven Durlauf and Peyton Young, Cambridge: MIT Press, 2001.

Castronova, Edward, "Social Norms and Sexual Activity in U.S. High Schools." *Journal of Human Resources*, Vol. XXXIX(4), 912-937, 2004.

Earle, John S., and Klara Sabirianova Peter, "Complementarity and Custom in Wage Contract Violation." *Review of Economics and Statistics*, November 2009.

Mas, Alexandre, and Enrico Moretti, "Peers at Work." *American Economic Review*, Vol. 99(1), 112-45, 2009.

Guryan, Jonathan, Kory Kroft, and Matt Notowidigdo, "Peer Effects in the Workplace: Evidence from Random Groupings in Professional Golf Tournaments." *American Economic Journal: Applied Economics*, forthcoming, 2009.

11. Job Search and Unemployment

Stigler, George J., "Information in the Labor Market." *Journal of Political Economy*, Vol. 70(5), pt. 2, 94-105, October 1962.

Lippman S., and J. McCall, "The Economics of Job Search: A Survey." *Economic Inquiry*, Vol. 14, 155-189, 1976.

Devine, Theresa J., and Nicholas M. Kiefer, *Empirical Labor Economics: The Search Approach*. Oxford: Oxford University Press, 1991.

*Mortenson, D., "Job Search and Labor Market Analysis." In *Handbook of Labor Economics*, Vol. II, 1986, 849-866.

*Meyer, B., "Unemployment Insurance and Unemployment Spells." *Econometrica*, Vol. 58, 757-782, 1990.

Rogerson, Richard, Robert Shimer, and Randall Wright, "Search Theoretic Models of the Labor Market: A Survey." *Journal of Economic Literature*, Vol. 47, 959-988, December 2005.

Kiefer N., and G. Neumann, "An Empirical Job Search Model with a Test of the Constant Reservation Wage Hypothesis." *Journal of Political Economy*, Vol. 87, 69-82, 1979.

Lancaster T., and A. Chesher, "An Econometric Analysis of Reservation Wages." *Econometrica*, Vol. 51, 1661-1676, 1983.

Van den Berg, Gerard, and Jan van Ours, "Unemployment Dynamics and Duration Dependence in France, the Netherlands, and the United Kingdom." *Economic Journal*, 432-443, 1994.

Hunt, Jennifer, "The Effect of Unemployment Compensation on Unemployment Duration in Germany." *Journal of Labor Economics*, 88-120, 1995.

Eckstein, Zvi, and Gerard van den Berg, "Empirical Labor Search: A Survey." Forthcoming in *Journal of Econometrics*, 2006.

12. Specific Capital, Matching, and Mobility

Jovanovic, Boyan, "Job Matching and the Theory of Turnover." *Journal of Political Economy*, 972-990, 1979.

Jovanovic, Boyan, "Firm-Specific Capital and Turnover." *Journal of Political Economy*, 1246-1260, 1979.

*Farber, Hank, "Mobility and Stability: The Dynamics of Job Change in Labor Markets." *Handbook of Labor Economics*, Vol. 3B, North-Holland, 1999.

Topel, Robert H., "Specific Capital, Mobility, and Wages: Wages Rise With Job Seniority." *Journal of Political Economy*, Vol. 99, 145-176, 1991.

Mortenson, Dale, T., "Wages, Separations, and Job Tenure: On-the-Job Specific Training or Matching?" *Journal of Labor Economics*, Vol. 6(4), 445-471, 1988.

*Topel, Robert H., and Michael P. Ward, "Job Mobility and the Careers of Young Men." *Quarterly Journal of Economics*, 439-479, May 1992.

Hashimoto, Masanori, "Firm Specific Human Capital as a Shared Investment." *American Economic Review*, Vol. 71, 475-482, 1981.

Jacobson, Louis, Robert LaLonde, and Daniel Sullivan, "Earnings Losses of Displaced Workers." *American Economic Review*, 1993.

Neal, Derek, "Industry-Specific Human Capital: Evidence from Displaced Workers." *Journal of Labor Economics*, Vol. 13, No. 4, 653-77, 1995.

Hunt, Jennifer, "Post-Unification Wage Growth in East Germany." *Review of Economics and Statistics*, Vol. 83(1): 190-95, February 2001.

*Von Wachter, Till, and Stefan Bender, "In the Right Place at the Wrong Time: The Role of Firms and Luck in Young Workers' Careers." *American Economic Review*, Vol. 96(5), 1679-1705, December 2006.

13. Education, Training, and Earnings

Griliches, Zvi, "Estimating the Returns to Schooling: Some Econometric Problems." *Econometrica*, Vol. 45(1), 1-21, January 1977.

Card, David, "The Causal Effect of Education on Earnings." *Handbook of Labor Economics*, Vol. 3A, North-Holland, 1999.

*Heckman, James J., Lance Lochner, and Petra Todd, "Earnings Functions and Rates of Return." *Journal of Human Capital*, Vol. 2(1), 1-31, Spring 2008.

Willis, Robert J., and Sherwin Rosen, "Education and Self-Selection." *Journal of Political Economy*, Vol. 87(5), pt. 2, S7-S36, 1979.

Bound, John, David Jaeger, and R. Baker, "Problems with Instrumental Variables Estimation When the Correlation between the Instrument and the Endogenous Explanatory Variable is Weak." *Journal of the American Statistical Association*, Vol. 90(430), 443-450, 1995.

Neumark, David, and Paul Taubman, "Why Do Wage Profiles Slope Upward? Tests of the General Human Capital Model." *Journal of Labor Economics*, 736-761, 1995.

Acemoglu, Daron, and Jorn-Steffen Pischke, "Why Do Firms Train? Theory and Evidence." *Quarterly Journal of Economics*, 79-119, 1998.

Heckman, James, Jora Stixrud, and Sergio Urzua, "The Effects of Cognitive and Noncognitive Abilities on Labor Market Outcomes and Social Behavior." *Journal of Labor Economics*, Vol. 24(3), 411-482, July, 2006.

14. Discrimination

*Altonji, Joseph G. and Rebecca M. Blank, "Race and Gender in the Labor Market." In: *Handbook of Labor Economics*, (Ashenfelter, O. and Card, D. eds.), Vol. 3A, 1999.

Altonji, Joseph, and Charles Pierret, "Employer Learning and Statistical Discrimination." *Quarterly Journal of Economics* 116(1), 313-350, 2001.

Autor, David, and Scarborough, David, "Does Job Testing Harm Minority Workers? Evidence from Retail Establishments." *Quarterly Journal of Economics* 123(1), 219-277, 2008.

Coate, Stephen, and Loury, Glenn C., "Will Affirmative-Action Policies Eliminate Negative Stereotypes?" *American Economic Review*, 83(5), 1220-40, 1993.

Hamermesh, Daniel, and Jeff Biddle, "Beauty and the Labor Market." *American Economic Review* 84(5), 1174-1194, 1994.

*Holzer, Harry, Raphael, Stephen, and Stoll, Michael, "Perceived Criminality, Criminal Background Checks, and the Racial Hiring Practices of Employers." *Journal of Law and Economics* 49, 451-480, October 2006.

Holzer, Harry J., and M.A. Stoll, "Employer Demand for Welfare Recipients by Race." *Journal of Labor Economics*, Vol. 21(1), 210-241, January 2003.

*Mobius, Markus, and Tanya Rosenblat, "Why Beauty Matters." *American Economic Review* 96(1), 222-235, 2005.

Phelps, Edmund, "The Statistical Theory of Racism and Sexism." *American Economic Review* 62, 659-661, 1972.