

Discussion of Flabbi

Prejudice and Gender Differentials
in the U.S. Labor Market in the
Last Twenty Years

Three objectives of the paper

1. *Evaluation* of the role played by gender discrimination in the persistence of the gender wage gap in the US
2. *Measurement* of gender prejudice (% of employers displaying some form of taste discrimination)
3. Possible to carry out sound empirical research on pure *discrimination*

Method

- Estimation of structural model of search with matching providing to firms some degree of monopsony power (hence discriminatory power)
- Identification of prejudice via the shape of the accepted earning distribution

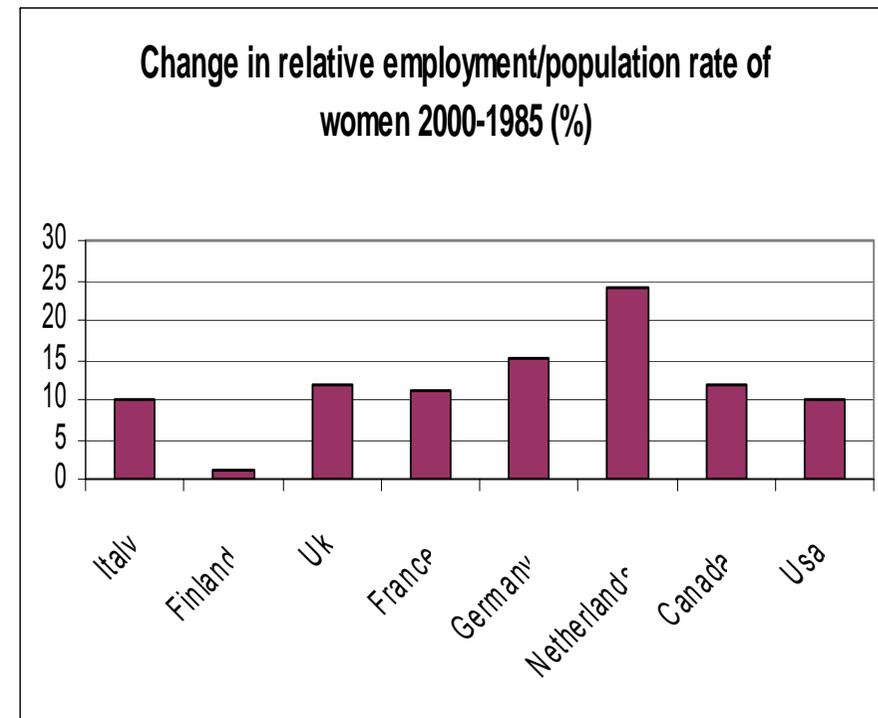
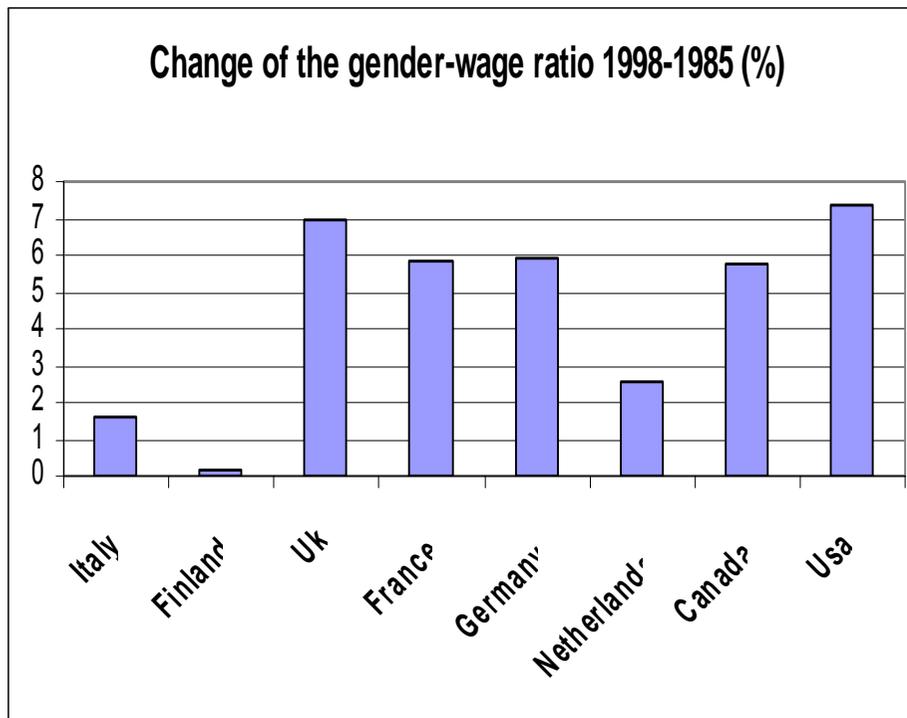
Issues

- Is it really a puzzle?
- Where does discrimination arise?
- Identification strategy

Is it really a puzzle?

- No convergence of the gender wage gap in the US also in the 1970s attributed to inflow of low-skilled women (Goldin, 1990; Smith and Ward, 1985). Is it happening something similar today (Olivetti and Petrongolo, 2006)?
- Strong cohort effect (social norms?)
- More convergence in the US than elsewhere.

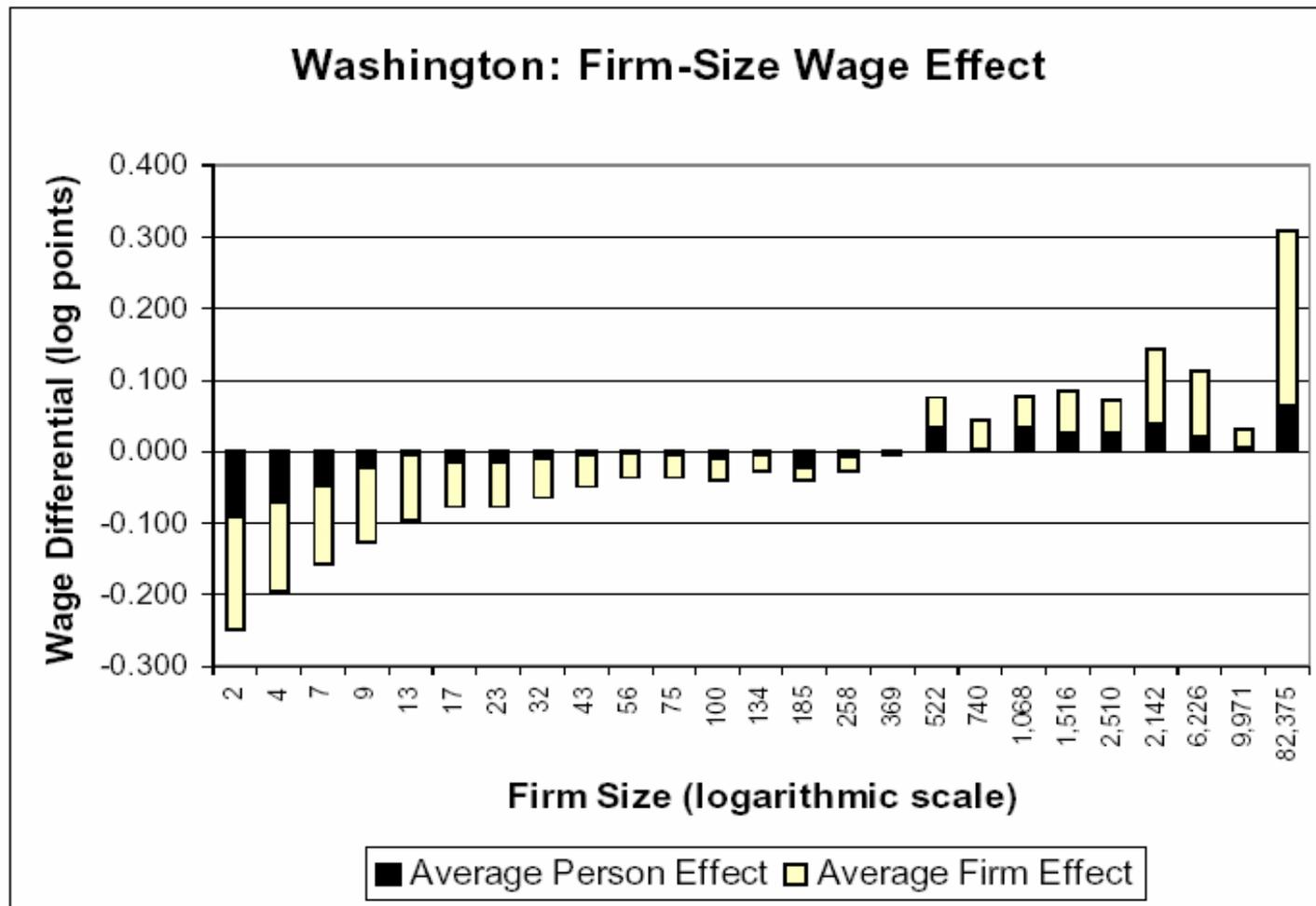
Closing the wage but not the employment gap



Where does discrimination arise?

- Model (heterogeneous case) implies that job finding rates for unemployed women are higher than for unemployed men as women have a lower outside option and the stationary hazard is $\lambda(1-G(pU))$
- Is in this in the data? Duration statistics in Tab 1
- Ghazala, Guell and Manning (forthcoming JOLE) report larger p_{ue} and p_{oe} for men than women
- Neumark (95): evidence of discrimination in hiring in US restaurants; and orchestras (blind auditions) (Goldin, 1997)

Not much within firm wage variation in the US



Identification strategy

- Can we identify differences in preferences of employers based on data on workers only?
- Need to impose a large number of distributional restrictions, *assume away extreme values of the 2 critical parameters, d and p* , and fix the bargaining power α at 0.5 *for both men and women*
- Discrimination is a function of monopsonistic power. Couldn't we use differences between booms and recessions to identify discrimination?

Overall

- Very skilful paper
- Yes pure discrimination is a promising area of research
- Better to investigate it with matched employer/employee data
- Can you just slightly change the title?

OXFORD

Structural Reforms Without Prejudices

Tito Boeri,
Micael Castanheira,
Riccardo Faini, and
Vincenzo Galasso

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A REPORT FOR THE FONDAZIONE RODOLFO DEBENEDETTI