Road Map on Experiments in Discrimination (Extremely disorganized and full of personal opinion)

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Terminology and unofficial definitions

1. Taste-Based Discrimination (Becker, 1971)

Definition

Let w_g be an offered wage for a representative of the group g. Also, let $P(t|g)$ be a probability of type t given group identity g. For two groups g_1 and g_2, we say taste-based discrimination exists if $P(t|g_1) = P(t|g_2)$ for all t but $w_{g_1} \neq w_{g_2}$

- preference-based
- internal cost, 'animus' term

2. Statistical Discrimination (Arrow, 1974; Phelps, 1972)

Definition

For any groups g_1 and g_2, and type t,
if $P(t|g_1) \neq P(t|g_2)$, we say statistical discrimination exists

- belief-based
- rationalizable(?) discrimination

Theory works

- Fryer (2007) Statistical discrimination in the dynamic game
- Frankel (2021) Manager's hiring decision as a function of test scores, Principal-Agent model
- Akerlof and Kranton (2000) Group identity, exclusion
- Bohren et al. (2019) Dynamic setting, information acquisition about group identity and past performance. Field experiment data
    - Bohren et al. (2023) Similar model, lab experiment
- Bartoš et al. (2016) Information acquisition and discrimination, attention discrimination, Field experiment data

Field Experiments

Resume audit study

- Bertrand and Mullainathan (2004) Kline and Walters (2021) Kline et al. (2022): Sending out fake resumes with group-indicative names and record call-back rate
    - deception
    - binary outcome only
    - can't observe beliefs
    - hard do disentangle statistical vs. taste-based discrimination

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- Kessler et al. (2019): IRR, avoid deception problems
    - incentive problems
    - still cannot observe beliefs directly

Field Experiments

Not resume audit study

- Chan (2023): Using doctor's racial identity and rating available online
- List (2004): Sportscard market, bilateral negotiations
- List (2006): Data from TV show

Lab Experiments

(Very personal) worries

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- In-person lab
    - Demand effect, or social desirability bias
      . . . especially experimenters sit there and can see subjects directly
      during sessions

Lab Experiments

Solutions?

- Do NOT simply compare two (or more) groups
  - For example, you would not see differences in attitude towards male and female groups if the only thing you change is gender indication
- Have better control or dilute sense of "taste-based" discrimination
- Exley and Nielsen (2023)

Lab Experiments: Statistical Discrimination

(Very personal opinion!) Statistical discrimination may be more likely to be observed than taste-based discrimination

- Bohren et al. (2023), Bohren et al. (2019), Bordalo et al. (2016), Bordalo et al. (2019), Coffman et al. (2021)

Still good and very important, but it MAY lead to wrong conclusions about taste-based discrimination, that it does not exist

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(Very personal opinion!) Statistical discrimination may NOT be justifiable

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- Bartoš et al. (2016) show people show different levels of attention to negative-stereotyped groups

Side note about Statistical Discrimination

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Inaccurate beliefs could hurt some groups, and inaccurate beliefs could also be the result of another source of discrimination.

Lab Experiments: Abstract Groups

What about using abstract groups?

- Especially, it could be useful to study "pure" statistical discrimination
    - No reason to have a certain preference for abstract groups!
    - Mengel and Campos Mercade (2022), Esponda et al. (2023)

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- Could be useful as a benchmark and see how it will be changed when context is given

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  - For example, suppose that both male and female subjects have in-group biases
    - ▶ As a whole, on average, it might look like there is no taste-based discrimination
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- with abstract groups, may reduce the social desirability biases, thus relatively easy to observe taste-based discrimination
  - Chen and Li (2009), Heap and Zizzo (2009)

Lab Experiments: In-group, Out-group Biases

However, in-group and out-group biases are very much context-dependent!

- For example, in Fershtman and Gneezy (2001), both majority-race men and minority-race men have an animus against the minority-race men group.
  - Majority-race men have in-group biases, and minority-race men have out-group biases!
- For abstract groups, in-group biases are often observed

Works that Not Directly Discrimination but Related

How different groups behave differently

- Niederle and Vesterlund (2007): gender differences in competition
- Exley and Kessler (2022): gender differences in describing themselves

These kinds of works could be extended to discrimination work.

For example, whether people take into account these differences when making a decision (Exley and Nielsen, 2023)

Some Useful (auxiliary) Tools

1. Item Count Technique
   - $n - 1$ dummy statements + statement of interest
   - Veiled Treatment: How many of the n statements correspond to you? (0–n)
   - Direct Treatment: How many of the $n - 1$ statements correspond to you? (0–$n - 1$) AND yes or no for the statement of interest
   - Compare Veiled treatment vs. Direct treatment + 1 if yes

2. Randomized response
   - Three cards
     - True statement
     - False statement
     - Sensitive questions
   - Randomly draw one card, ask subjects yes or no

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