

## **Gender and ethnic discrimination: An introduction**

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Gender and ethnic inequality has received growing political interest over time. Understanding the sources of inequality and the mechanisms leading to inequality between men and women as well as between people with varying ethnic backgrounds is of crucial importance for appropriate public policy initiatives.

Despite years of research in the field, the empirical evidence remains inconclusive as to what degree observed labor market gaps between men and women, natives and immigrants or different ethnic groups are due to supply side differences in ability, skills and preferences or demand side differences accruing from preferences for or against certain groups in society. The crux of the problem is two-fold, discriminatory behavior is rarely observed directly and discriminatory attitudes need not imply discriminatory behavior. As Ronald Oaxaca implies via the title of his contribution to this volume, measuring labor market discrimination is a challenge. This is a challenge that needs however, to be taken seriously not only because discrimination today may have long term consequences for future generations' investment in human capital, societal participation and social mobility but also because the labor market is continuously changing implying new opportunities but also new threats to equal opportunity.

Discrimination can broadly be defined as unequal disadvantageous treatment due to gender, ethnicity or race (see the National Research Council panel on methods for assessing discrimination, 2004). Discrimination may be intentional or imbedded in structures and institutions leading to unequal opportunities. Theoretically, one can distinguish between different forms of discrimination although these may be difficult to separate empirically. Intentional or preference-based discrimination concerns direct discrimination against a group in soci-

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ety due to a distaste for this group or a preference for ones own group (Becker, 1957).

Statistical discrimination describes unequal treatment of individuals due to actual productivity differences between groups where difficulties (costs) in acquiring perfect information leads to decisions based on group statistics rather than individual characteristics (Phelps, 1972; Arrow, 1973; Aigner and Cain, 1977). Statistical discrimination is based on the assumption that unbiased group statistics are readily available. This may not be the case and agents may act on the presumption that their beliefs are statistically correct but where decisions are actually based on biased information due to erroneous perceptions of group productivity. In the sociological literature this is termed as error discrimination (England, 1992). As such, unequal treatment of specific groups of individuals in society arise, leading over time, to actual gender or ethnic gaps. Propositions that divide individuals across lines of gender, ethnicity or religious affiliation risk being translated into gaps in employment, earnings etc, though these beliefs lack empirical foundation.

The question of causality is debated in economics. This is perhaps due to the difficulties in measuring discrimination with standard quantitative methods. Significant differences between groups are assumed to depend, at least partially, on non-observable productivity characteristics that employers can ascertain but that researchers are unable to observe or measure. Field and laboratory experiments may lend themselves to more causal interpretations but are also criticized for lack of external validity as well as the effect of non-observable characteristics (the so-called Heckman critique). No single approach provides a comprehensive and reliable measure of the level and extent of discrimination in the labor market. Ultimately there is a causality vs validity trade-off where experimental designs foster causal interpretations but lack validity while observational data may provide externally valid information of unequal outcomes but cannot go beyond descriptive conditional correlations. As such, innovative approaches to measuring and isolating the existence of discrimination are called for. Add to this the challenge imposed by rapidly changing technology, institutional and social norms and workplace practices creating the need to continuously document and test potentially new sources of discrimination.

Until we know and understand more about the nature and source of gaps between groups in the labor market and elsewhere, the debate

about the level and extent of discrimination is in some senses mute, boiling down to what we want to believe rather than what we know. This is why a continuous and concerted research effort on documenting the prevalence and extent of discrimination, its potential sources, and methods that foster equal opportunity should be encouraged. This volume meets this challenge head on by providing a number of new and exciting developments in the field.

*Lena Schröder* contributes with a review and discussion of Swedish integration policy in light of the available empirical evidence concerning labor market gaps between natives and immigrants in Sweden. As former Director of Research at the Swedish Integration Board Lena Schröder is in a unique position to assess both the determinants of ethnic/immigrant labor market gaps but also policy initiatives aimed at diminishing these gaps.

*Patrick Mason* discusses race and ethnicity in law enforcement, providing new evidence of unequal treatment in policing among the Florida Highway Patrol. Biased policing against racial and ethnic minorities is an important public policy issue. As such this paper, which provides a methodological approach that circumvents many of the problems in identifying police discrimination, should be of broad general interest.

*Harry Holzner* presents an exhaustive review of affirmative action policy in the US and the available evidence concerning the effects of affirmative action policies in a wide array of settings. As a method commonly proposed to thwart unequal opportunity for minorities and women, this paper provides an invaluable assessment of these policies in the US.

*Alison Booth* provides an analysis of glass ceilings in Europe. The issue of glass ceilings, i.e. an increased gender pay gap at the high end of the income distribution has been analyzed in many countries. In this study, Alison Booth provides an overview of the gender pay gap in Europe, potential explanations for these gaps and a discussion concerning further policy initiatives that may be necessary to diminish gender wage differentials.

*Nabanita Datta Gupta* studies gender gaps in new skills and competencies. With increasing globalisation and the diffusion of IT, new types of skills are necessary to compete in the labor market. Based on data from Denmark, this study discusses not only gender differences in skill acquisition but also gender differences in returns to new skills.

Finally, *Ronald Oaxaca* contributes with a discussion concerning the challenge of measuring labor market discrimination against women. This paper provides not only a review of theories of discrimination but also a discussion and critique of the decomposition methodology that Ronald Oaxaca is so well-known for.

These contributions are commented by Swedish researchers who discuss the presented evidence in a Swedish context. Comments are provided by Eskil Wadensjö, Sophie Hydén, Bertil Holmlund, Anders Björklund, Åsa Löfström and Carl le Grand.

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