

EC 345
The Economics of Diversity
MWF 11:00-12:05
Evan Osborne
(937) 775-4599
260N Rike
evan.osborne@wright.edu
Office Hours: W 10:00-10:50, W 5:00-5:50, or by appointment.

COURSE DESCRIPTION

This is a course in which economic reasoning is used to understand current issues of human diversity – racial/ethnic, religious, and otherwise – and their consequences in the United States and globally.

COURSE OBJECTIVES

By the end of the course you should know what economic theory has to say about issues of racial and religious diversity, male/female differences in economic outcomes, ethnoreligious conflict and cooperation, multiculturalism, and affirmative action. You should be able to use this knowledge to make sense of public arguments on these topics.

TEXT AND MATERIALS

The text is Thomas Sowell, *Race and Culture: A World View* (New York: Basic Books, 1994). It is required. There are other course readings, all listed below. Some are available online, at the URLs noted; others are available through Course Reserves at the WSU Libraries website. Some are required, while the more technical readings are optional. The required readings are noted with an asterisk.

CLASS STRUCTURE AND TEACHING METHODOLOGY

The class is lecture, the exams essay.

GRADING

There will be three in-class midterms. The midterms are on Wednesday, April 15, Wednesday, April 29 and Wednesday, May 20. Two of them each count for 25 percent of your grade, and the low score is dropped. This means that if you miss one exam, you can take a zero and drop it without any other consequences. The final is given at the scheduled time during finals week, Friday, June 12, 10:45-12:45. It counts for 50 percent of your grade.

SCHEDULE

I. What diversity is; measuring and defining it; dealing with it in a free society.

Reading:

“Viewbook Diversity vs. Real Diversity,” *Inside Higher Education*, July, 2008.*

Sowell, Ch. 1*

II. Discrimination and segregation.

- A. The human-capital model of employee compensation.
- B. The Gary Becker model of taste-based discrimination.
- C. Information-based or statistical discrimination

Reading: Sowell, Ch. 1, and pp. 84-92*

- D. Can cultures be defensibly stereotyped?

Reading:
Sowell, pp. 10-28, 82-92*

- E. Affirmative action and its effects.

- 1. Affirmative action around the world.
- 2. Its effects.

Readings:

Roland G. Fryer Jr. and Glenn C. Loury, "Affirmative Action and Its Mythology," *Journal of Economic Perspectives*, 19 (3), Summer 2005.*

Thomas J. Espenshade and Chang Y. Chung, "The Opportunity Cost of Admissions Preferences at Elite Universities," *Social Science Quarterly* 86 (2), June 2005.

Agence France Presse, "Court Rules Chinese South Africans Can Now Be Called Black," June 18, 2008.*

Russell Nieli, "Is There an Asian Ceiling?,"
http://www.mindingthecampus.com/originals/2008/06/several_years_ago_a_koreanamer.html.*

Terry Pell, "By No Means: Michigan Judge Turns Tables on Advocacy Groups Determined to Derail Civil Rights Initiative,"
http://www.nas.org/polArticles.cfm?doc_id=124.*

- 3. What is the law in the U.S. regarding affirmative action? What should it be?

Reading:

Paul Moreno, "Affirmative Action's Strange Career," *The Wall Street Journal*, Sept. 3, 2007.*

- F. Competition and ethnic peace; collective bargaining and discrimination.

- H. Residential segregation and what to do about it.

Thomas C. Schelling, "Dynamic Models of Segregation," *Journal of Mathematical Sociology* 1 (1), January 1971.

Rob Gurwitt, "Atlanta and the Urban Future," *Governing*, July 2008.*
Sowell, pp. 103-108*

I. The middleman minority.

Sowell, pp. 46-59*

III. Conflict and cooperation.

A. The theoretical model – to trade or to fight?

Reading:

Jack Hirshleifer, "The Paradox of Power," *Economics and Politics* 3 (3), November 1991.

B. Politics and markets as ways to promote cooperation.

1. The economics of open markets and intertribal cooperation.

Readings:

BBC, "India 2026: What Will Life Be Like?,"

<http://news.bbc.co.uk/2/hi/business/4773425.stm>.*

"Young and Arab in a Land of Mosques and Bars," *The New York Times*, Sept. 22, 2008.*

Sowell, Chs. 4-5*

2. Group differences and politics

Reading:

Sowell pp. 93-100, Ch. 5*

IV. The economics of identity.

A. Identity as a portfolio; exclusivist and inclusivist identities; identity subsidy.

Readings:

"Journey From a Chinese Orphanage to a Jewish Rite of Passage," *The New York Times*, March 8, 2007.*

"Latinos or Hispanics? A Debate About Identity," *The Washington Post*, August 25, 2003.*

Evan Osborne, "How Richard Nixon Invented Hispanics,"

<http://futureuncertain.blogspot.com/2005/09/how-richard-nixon-invented-hispanics.html>*

Chapters 1 and 2 in Amartya Sen, *Identity and Violence: The Illusion of Destiny* (New York: W.W. Norton, 2006)*

B. The economics of "acting white."

C. Multiculturalism as an identity subsidy.

Readings:

Osborne, Evan. "Diversity, Multiculturalism and Ethnic Conflict," *Kyklos* 53 (4), 2000.*

Dalrymple, Theodore. "An Imaginary Scandal," *The New Criterion* 23 (9), May 2005,

<http://www.newcriterion.com/archive/23/may05/dalrymple.htm>.*