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Abstract

Statistical Discrimination and Affirmative Action: An Experimental Economics Perspective

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In this paper, we investigated statistical discrimination and affirmative action policy as some of major issues in disability studies. Especially, we approached them with experimental economics perspective. For statistical discrimination, as the theory predicts, discriminations against one of the groups were observed both in the laboratory and field experiments even though both groups to be compared were ex ante identical. So, one can conclude that affirmative action policy is called for if one think such unreasonable discrimination should be disappeared. As for affirmative action policy, whether implementing it causes efficiency / welfare loss was one of major questions. Laboratory experiments showed that affirmative action policy did not necessarily reduce efficiency. But there is little theory to explain those facts. So, we developed a model of institutional choice in the context of workers' promotion tournament. Then, we showed that when a worker from majority population has inequality aversion preference as in Fehr and Schmidt (1999), the more he is inequality averse, the more he is willing to choose the work environment with affirmative action policy.