

Inaccurate Statistical Discrimination: An Identification Problem

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Supplemental Material: Literature Survey

This file further discusses empirical work from the literature survey in [Section 2](#) that considers inaccurate beliefs and then lists the citation for each paper included in the survey.

Review of Papers Discussing Inaccurate Beliefs

Of the papers that consider inaccurate beliefs in identification, [List \(2004\)](#); [Hedegaard and Tyran \(2018\)](#); [Mobius and Rosenblat \(2006\)](#) measure beliefs either directly or indirectly. [List \(2004\)](#) studies discrimination in bargaining and negotiations in the context of a sports card market. Dealer perceptions of buyers' reservation prices (RPs) are assessed by presenting them with actual RP distributions and asking them match the distributions to buyer sub-groups. The paper argues that observed disparities in bargaining outcomes are due to statistical discrimination because the dealers' matching rates are significantly higher than chance, with higher accuracy for more experienced dealers. [Mobius and Rosenblat \(2006\)](#) investigate the beauty premium in a laboratory experiment. Workers are hired by employers to solve maze puzzles. Despite no productivity differences on the task based on attractiveness, the authors document a significant beauty premium. Eliciting beliefs shows that both visual and oral interactions lead employers to form mistaken perceptions that attractive workers are more productive. [Hedegaard and Tyran \(2018\)](#) study preferences for co-workers as a function of their group identity and productivity. They find that people have a significant preference for working with a member of the same ethnicity. To provide evidence that this is due to taste-based discrimination, the authors elicit productivity beliefs from a separate group of subjects and show that beliefs are qualitatively accurate, and thus cannot explain the observed differential treatment. [Agan and Starr \(2017\)](#); [Arnold et al. \(2018a\)](#) derive predictions from a specific structural model of biased beliefs and takes these predictions to the data. [Agan and Starr \(2017\)](#) run a correspondence study to examine how ban-the-box policies affect call back rates for minority applicants. They use a model to estimate employer priors of criminality by group identity and compare those estimates to actual criminality estimates found in the literature. The discrepancy between those statistics is used

to argue that employers have incorrect stereotypes. [Arnold et al. \(2018a\)](#) examine racial bias in judicial decisions by comparing release tendencies and pretrial misconduct rates as a function of group identity. Comparing pretrial misconduct rates of the marginal defendant suggests racial bias. To explore the source of this bias, the authors estimate the misconduct risk distributions by group identity, arguing that if judges are subject to the representativeness heuristic as in [Bordalo et al. \(2016\)](#), then bias against Black defendants are likely due to stereotypes. Finally, [Fershtman and Gneezy \(2001\)](#) use a laboratory experiment to study discrimination in Israel. Behavior in the trust game—where payment is based on the actions of one’s partner—versus a dictator game—where payment is strictly a function of one player—is used to study the source of discrimination. Differential treatment is observed in the former game but not the latter, which is used to argue that discrimination is due to mistaken stereotypes rather than animus.

Citations of Papers Included in Literature Survey

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