

Online Appendix of “Discrimination Without Taste - How Discrimination Can Spillover and Persist”

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I. Empirics

A. Data by region

The predefined regions are New England, Middle Atlantic, East North Central, West North Central, South Atlantic, East South Central, West South Central, Mountain, and Pacific. Figure 1 shows the trends in beliefs and taste for each region. When decomposing by year and region, disparities across the US become very clear. Beliefs about discrimination take their highest value in 1993 in New England at 67% and the lowest in West South Central in 2002 at 20%. The first measure for taste peaks in East South Central in 1987 at 71%, and takes its lowest value in New England at 2% in 2002. The second measure for taste also has its highest value in East South Central in 1990 at 81%, while the lowest it takes is in the Pacific region in 2010 and in the Mountain region in 2012 at 8%.

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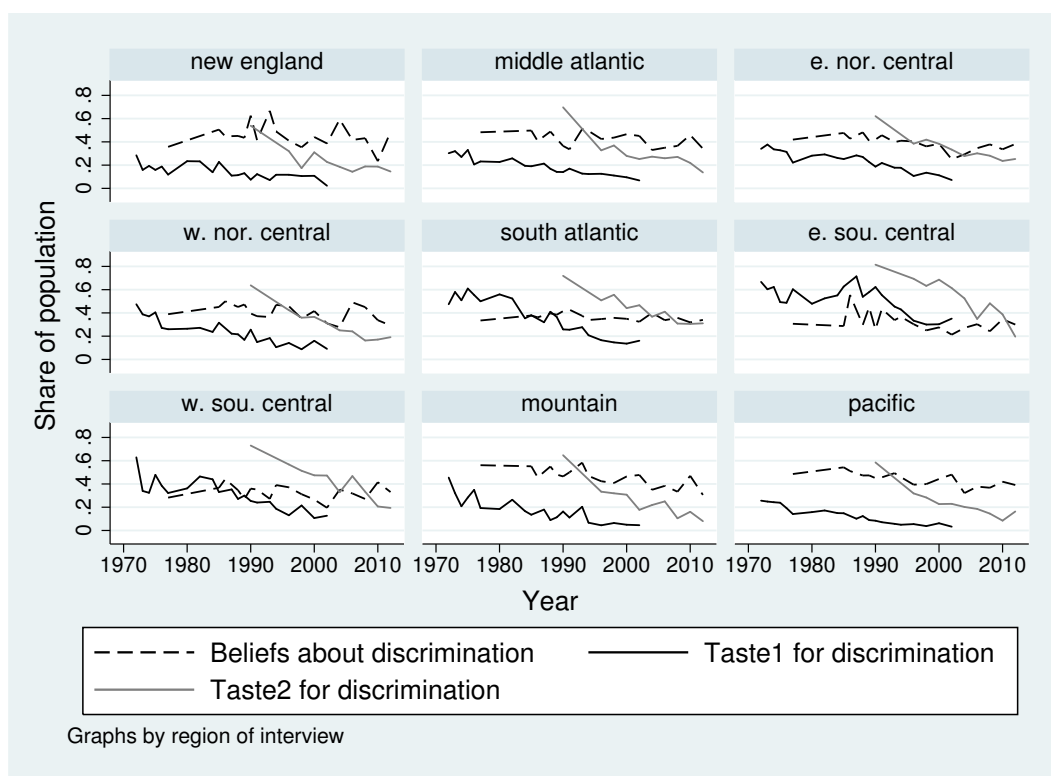


Figure 1. : Beliefs and taste regarding discrimination by region in the US

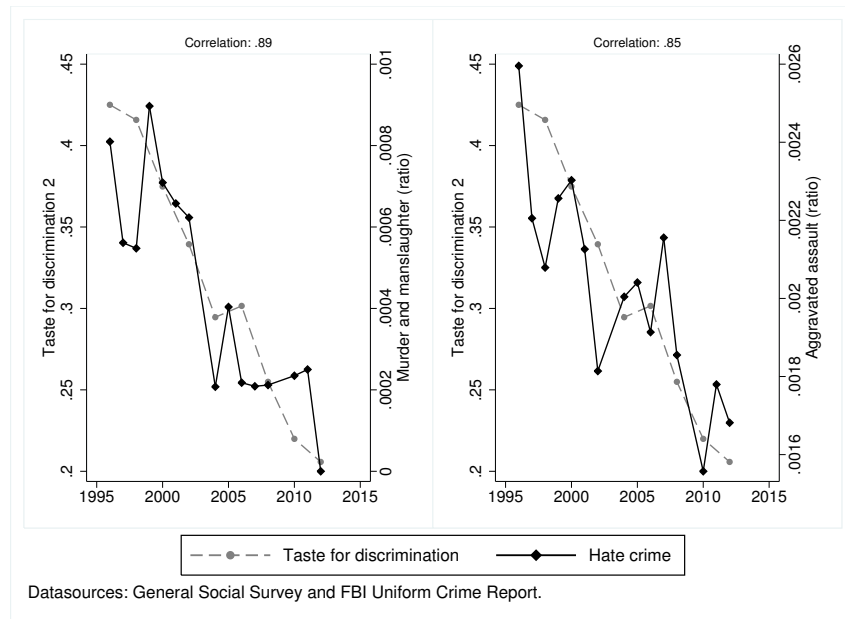


Figure 2. : Racially-motivated hate crimes relative to total arrests of whites (solid black line) versus taste for discrimination (grey dashed line)

Source: GSS , Table 7 of FBI hate-crime reports, and Table 43A of FBI uniform crime reports.

B. Robustness checks

C. Including statistical discrimination

Statistical discrimination plays a prominent role in the literature. Therefore, we construct a proxy by coding as statistical discrimination the percentage of whites by year and region that assign a value from one to three on a scale from one to seven to the question “Do people in these groups [blacks] tend to be unintelligent or tend to be intelligent?”, where “one” signifies unintelligent to “seven” signifying intelligent.¹ When not paired with belief, we observe in column (1) of Table 1 that statistical discrimination enters with the expected negative sign and is highly significant, but is insignificant when paired with belief about discrimination in column (2). Belief about discrimination remains significant at the 1% level. The survey question for the first measure of taste for discrimination only coincides for two waves of the survey, such that in the reduced sample we do not have enough variation in our key explanatory variables. Therefore, we exclude the first measure of taste for discrimination from this analysis. Adding taste for discrimination and/or a race dummy, as in columns (3) to (5), does not alter our findings.

EXCLUDING FARMERS

The model demonstrates how activities requiring interlinkages might be exposed to discrimination based on beliefs. Given that farmers might not in all cases represent the type of entrepreneurial activity the model represents, we drop farmers from the sample in the estimation of the results found in Table 2. Comparing these results to the baseline results in Table 1 of the main paper, one can tell that leaving out this small subset of the sample does not affect the results qualitatively.

¹This measure suffers from the problem that it most likely captures taste based discrimination, as there exists no scientific evidence of racial differences in intelligence.

Table 1—: Logistic regression including statistical discrimination

Dependent variable: Self-employment			
	(1)	(2)	(3)
Belief about discrimination		-2.686*** (0.673)	-2.668 (1.832)
Taste for discrimination 2	-1.433** (0.592)	0.286 (0.721)	0.292 (0.913)
Statistical discrimination	1.027 (4.376)	4.442 (4.370)	4.432 (4.484)
Years of schooling	0.037*** (0.009)	0.036*** (0.009)	0.036*** (0.009)
Female	-0.692*** (0.052)	-0.692*** (0.052)	-0.692*** (0.052)
Age	0.095*** (0.011)	0.095*** (0.011)	0.095*** (0.011)
Age squared x 1,000	-0.691*** (0.109)	-0.696*** (0.109)	-0.696*** (0.109)
Father was self-employed	0.615*** (0.055)	0.612*** (0.055)	0.612*** (0.055)
Black			-0.008 (0.781)
Year fixed effects	Yes	Yes	Yes
Region fixed effects	Yes	Yes	Yes
Pseudo R^2	0.063	0.065	0.065
Observations	14719	14719	14719

Table 2—: Logistic regression excluding farmers

Dependent variable: Self-employment						
	(1)	(2)	(3)	(4)	(5)	(6)
Belief about discrimination			-1.734*** (0.452)	-2.579*** (0.668)	-2.961** (1.476)	-2.207 (1.771)
Taste for discrimination 1	-1.474*** (0.260)		0.027 (0.710)		-0.342 (0.835)	
Taste for discrimination 2		-1.307*** (0.249)		0.749 (0.556)		0.852 (0.716)
Years of schooling	0.035*** (0.007)	0.037*** (0.009)	0.048*** (0.009)	0.036*** (0.009)	0.048*** (0.009)	0.036*** (0.009)
Female	-0.822*** (0.041)	-0.692*** (0.052)	-0.694*** (0.051)	-0.692*** (0.052)	-0.694*** (0.051)	-0.692*** (0.052)
Age	0.092*** (0.008)	0.095*** (0.011)	0.098*** (0.010)	0.095*** (0.011)	0.098*** (0.010)	0.095*** (0.011)
Age squared x 1,000	-0.697*** (0.083)	-0.692*** (0.109)	-0.764*** (0.106)	-0.698*** (0.109)	-0.764*** (0.106)	-0.697*** (0.109)
Father was self-employed	0.667*** (0.042)	0.615*** (0.055)	0.626*** (0.052)	0.613*** (0.055)	0.628*** (0.052)	0.613*** (0.055)
Black					0.552 (0.629)	-0.174 (0.767)
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Region fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Pseudo R^2	0.070	0.063	0.065	0.065	0.065	0.065
Observations	26339	14719	16104	14719	16104	14719

Note: *, ** and *** significant at 10, 5 and 1 % significance level, respectively. All regressions include a constant. Standard errors are in parentheses.

Source: General Social Survey.