Statistical Discrimination and the Distribution of Wages

Abstract
We characterize wage distributions that are consistent with a general model of statistical
discrimination.
We adapt this theoretical characterization to develop an empirical test, the rejection of which
we interpret
as evidence of taste-based discrimination. We demonstrate how this test can be applied on
cross-sectional
and panel data. Results from Census and NLSY data suggest taste-based discrimination at work
against Blacks in the labor force.