Black-White Income Differentials: Empirical Studies And Policy Implications

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Prevailing empirical studies argue that high factory wages lured farmhands away. Based on newly reconstructed data, we estimate the causes of the demise of harvest employment in 12 major cotton-producing states from 1949-1964 and find important roles for mechanization, government farm programs, higher nonagricultural wages, and falling cotton prices more.

Abstract


Welfare implications of the Internet diffusion are mixed, however. An increase in the number of Internet adopters alone could encourage traditional brokers entry by helping them reach and match potential clients. However, a commensurate increase in online search intensity among the Internet adopters may discourage such entry by facilitating the development of alternative brokerage models, such as discount brokerage and FSBOs. Our empirical methodology relies on a basic insight of the traditional discrete-choice approach: the observed entry decisions are an indicator of the underlying profitability.  

A seminar study by Hsieh and Moretti (2003) provides a first empirical test of the theory.