

WHAT CAN ECONOMICS AND SOCIOLOGY LEARN FROM ONE ANOTHER?

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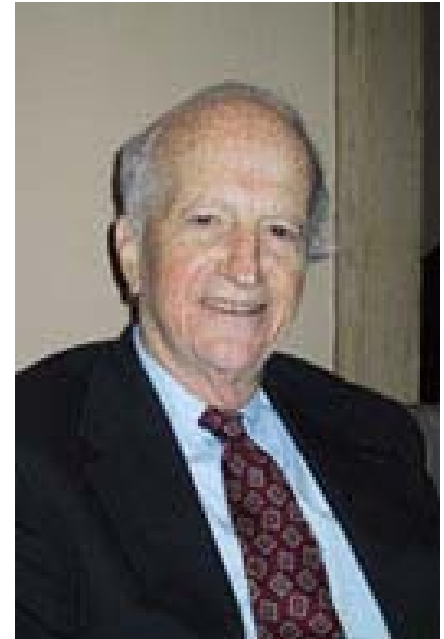
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Defining Economics

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‘The combined assumptions of maximising behavior, market equilibrium, and stable preferences, used relentlessly and unflinchingly, form the heart of the economic approach as I see it.’

~ Gary Becker (1976)



Defining Sociology

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1. 'the study of human groups or societies'
2. the ability to connect the most basic, intimate aspects of an individual's life to seemingly impersonal or remote historical forces... the intersection of biography and history (C Wright Mills)
3. 'the investigation of emergent social properties of human relations through networks, institutions and systems' (Dalton Conley)



What One Economist Has Learned from Sociology

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- ❑ I wrote my undergraduate honours thesis while house-sitting for RW Connell
- ❑ My PhD thesis chair was Christopher Jencks.
- ❑ I've never taken a sociology class, but have made a dilettante's reading of sociology.
- ❑ Three case studies:
 - ▣ Discrimination
 - ▣ Social mobility
 - ▣ Child gender

Discrimination

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- Audit discrimination studies use fake CVs to discern discrimination.
- Key sociologists: Roger Jowell (1970s), Devah Pager (2000s)
- Australian evidence: With Alison Booth & Elena Varganova, we sent out 5000 CVs with Italian, Indigenous, Middle Eastern and Chinese names
- Future directions: Indigenous experiments with Nicholas Biddle and Boyd Hunter

Social Mobility

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- ❑ Intergenerational mobility is critical to our notion of equality of opportunity.
- ❑ Key sociologists: Leonard Broom and Frank Lancaster Jones (1960s), Mark Western (1990s)
- ❑ Australian evidence: Using four surveys, and imputing earnings based on father's occupation, I estimate an intergenerational elasticity of earnings of 0.25 (Scandinavia ≈ 0.2 , US ≈ 0.5)
- ❑ Future directions: Better estimates using taxation data from the ATO.

Child Gender

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- Because child gender is random, we know that any association between child gender and outcomes is causal.
- Key sociologists: Dalton Conley, Rebecca Warner (1990s, 2000s)
- Australian evidence: Parents with two of a kind are less likely to be married than parents with one of each.
- Future directions: Child gender and parental voting patterns.

What Can Economics Learn from Sociology?

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- Conversations with real people can be informative.
- Initial testing of models can help refine the theory.
- Theory and empirics should be tightly integrated, so that empirical work tests clearly defined theories, and theorists respond to empirical findings. (See Henk Folmer, “Why Sociology is Better Conditioned to Explain Economic Behaviour Than Economics”, *Kyklos*, 2009.)

What Can Sociology Learn from Economics?

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- Value of using large-scale datasets and testing hypotheses on multiple datasets (in the same research paper).
- Correlation $\neq$ causation, so we need ways of getting causal effects:
 - ▣ Differences-in-differences
 - ▣ Instrumental variables
 - ▣ Regression discontinuity
 - ▣ Randomised trials

Further Details

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□ Andrew Leigh's details:

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- Blog: <http://andrewleigh.com>
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□ Relevant research:

- Alison Booth, Andrew Leigh, & Elena Varganova, 2009, 'Does Racial and Ethnic Discrimination Vary Across Minority Groups? Evidence From a Field Experiment', working paper
- Andrew Leigh, 2007, 'Intergenerational Mobility in Australia' *The B.E. Journal of Economic Analysis & Policy*, Volume 7, Issue 2 (Contributions), Article 6.
- Andrew Leigh, 2009, 'Does Child Gender Affect Marital Status? Evidence from Australia', *Journal of Population Economics*, 22(2), 351-366