

Abstract

This thesis deals with the phenomenon of racial discrimination in the U.S. labor market. The first part outlines the existing theories of discrimination and history of immigrants' residence in the U.S. It also brings some statistics from the U.S. labor market and finally reviews some literature in the field of labor market discrimination. The second part of the thesis is devoted to the empirical analysis of wage discrimination in the U.S. using the American Community Survey 1980 and 2007. With the help of Oaxaca-Blinder decomposition we break down the log-wage differential between whites and other racial groups into two parts. The first, explained, part is the part of the differential that can be explained by differences in average race characteristics. The other, unexplained, part is the part of the differential that remained unexplained. That part is then assigned as a result of discrimination. We find that while in 1980 Asians earned on average 5% more than whites, by 2007 this difference reached 15%. 15% - 21% of this difference remained unexplained. The opposite situation is observed in the case of Hispanics and Blacks. While in 1980 both, Hispanics and Afro-Americans, had on average 10% lower wage than whites, by 2007 this difference reached as much as 30%. In case of Afro-Americans, 50% - 60% remained unexplained, in case of Hispanics 46% remained unexplained. It seems that employers in the U.S. labor market have strong tendency to discriminate against human capital of minorities.