

**PROPOSAL: (1) DISCRIMINATION, EMPLOYMENT RESTRICTIONS AND EFFICIENCY**  
**PROPOSAL (2) COLLEGE ENDOWMENT SPENDING**

**Sharon Oster, Professor of Management and Entrepreneurship, Yale School of Management, and Ray Fair, Professor, Department of Economics**

Throughout history, we have observed instances of societies in which the occupational choices of some subset of the population have been formally restricted. In the nineteenth century US, for example, women were absolutely prohibited from entering medical school. In the early Roman period, Jews were prohibited from entering the legal profession; during other periods and in other areas, restrictions on land holding by Jews effectively eliminated agriculture as an occupational choice. Economists have long understood that such absolute restrictions impede productivity based matching and thus impose efficiency losses on society; recent work in economics speaks to why oppression of this sort might nevertheless persevere. In this new project, we are interested in exploring the historical pattern of occupational restrictions. In particular, is there any evidence that in targeting particular occupations for restrictions that societies are responsive to efficiency considerations?

The project is at its beginning and we are interested in hiring a student to help create a data set of the history of legal restrictions governing the occupational choices of women and possibly one or more ethnic groups in both the US and Europe. The work involved will be (mostly) creative library research and should appeal to a student interested in history and economic institutions.

**SUMMARY**

**Mitchell Hoffman, Class of 2007**

My initial project with Professors Sharon Oster and Ray Fair, was entitled “Discrimination, Employment Restrictions, and Efficiency. We researched occupational restrictions on 2 groups in 2 time periods, on Jews during the Middle Ages and on women in the 17<sup>th</sup> through 19<sup>th</sup> centuries. Our primary question was: are these occupational restrictions responsive to comparative advantage considerations, that is, are groups prohibited more often from jobs that they are (on average) comparatively less good at? My responsibilities included finding and reading primary and secondary historical documents on the subject, reading relevant contemporary economics articles, mostly in labor economics, and writing memos summarizing the strength of the historical evidence for the hypothesis that occupational restrictions are responsive to comparative advantage considerations. While there was some evidence supporting the hypothesis, we determined it was not strong enough for a publishable article and I was switched to another project.

The second project, also under Professors Oster and Fair, analyzed college endowment spending. Our question was: are colleges spending too little of their endowments? We then conducted an econometric study of how university quality, represented by entering freshmen median SAT scores, is influenced by university over time. My responsibilities included researching types of university rankings, researching and obtaining available SAT data, reading relevant

contemporary literature, analyzing the data in STATA, and performing elementary regression analysis. As the project is ongoing, we have no definite conclusions at the time.

The ROME project taught me much about the economic subfields of economics history and applied econometrics, as well as building my skills in document analysis, Excel, STATA, and memo-writing. The project also strengthened my desire to pursue graduate study in economics. The experience was certainly a good one. Perhaps it could be improved through some organized ROME participant social activities.