Accepted Manuscript

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PII: S0022-0531(16)30047-3
DOI: http://dx.doi.org/10.1016/j.jet.2016.07.005
Reference: YJETH 4577

To appear in: *Journal of Economic Theory*

Received date: 15 April 2014
Revised date: 15 July 2016
Accepted date: 23 July 2016

Please cite this article in press as: Hoy, M., Huang, R.J. Measuring Discrimination using Principles of Stochastic Dominance. *J. Econ. Theory* (2016), http://dx.doi.org/10.1016/j.jet.2016.07.005

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ACCEPTED MANUSCRIPT

Measuring Discrimination using Principles of Stochastic Dominance*

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July 26, 2016

Abstract

This note develops a new approach to measuring discrimination. A partial ordering of discrimination patterns is proposed that is consistent with the properties of second-degree stochastic dominance (SSD), which are related to changes in the distributions of either the reference (advantaged) or comparison (disadvantaged) group, while keeping the other group's distribution unchanged. Furthermore, a corresponding summary index is derived. This index provides a complete ordering to rank discrimination patterns and also satisfies the principles of SSD.

Keywords: discrimination, stochastic dominance.

JEL classification: D30; J70

*The authors are grateful to the editor and the referees. Very useful modifications are attributable to them for their thoughtful advice and helpful suggestions.

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