

**August 3<sup>rd</sup>, 2009**

**Reader comment on “Social Categories”**

The author aptly reminds the limits of his paper and concedes the need for further investigation of different aspects of his discriminatory mechanism in the future. There remains, however, a controversial issue concerning the possibility of modeling the discriminatory mechanism with two groups of women, namely family women and working women.

The author claims “no signals are available that distinguish female applicants according to type; or the type of information can be easily hidden or faked, rendering it useless for the employer. Discrimination cannot build on that.”

If I follow the author’s line of argument, discrimination exists since there is no mechanism to **sort out** working women from family women. In this case, discrimination does not originate from women’s **preferences** but from the lack of a proper signaling mechanism (or due to a very costly signaling mechanism) to sort out women’s with different private preferences. But if so, the result would be inconsistent with the basic argument of the paper according to which discrimination is caused by women’s preferences.

In Akerlof and Kranton’s seminal paper (2000), women’s utility functions are defined in a way to capture their gender identity “payoffs” derived from their own actions. But in Schlicht’s discriminatory mechanism, what causes discrimination is not identity based payoffs of all women’s utility function. For even with women having the same “payoffs” or the same responsiveness to monetary attributes of job as men, discrimination will continue as long as there is no readily signal to sort them out from other types of women. It seems to me that the discussion about the assumption of two different groups of women was particularly fruitful to scrutinize the underlying discriminatory mechanism in Schlicht’s paper. However, his reply does not bring more clarity in this respect despite the great qualities of the paper as mentioned in my previous comments.

Akerlof G. and Kranton R. (2000), “Economics and Identity”, *Quarterly Journal of Economics*, Vol. 115, No. 3, pp. 715-753.