

New Evidence of Racial Discrimination in Major League Baseball

Salary discrimination in MLB has largely been discarded as a research topic. However traditional quantitative methods (particularly least squares regression) have concentrated on the effect of race for the “average” player. This is not where we should expect to find discrimination, as the relative cost of discriminating against a better player is surely higher.

I use quantile regression to uncover salary discrimination against black players in the lower half of the salary distribution. Not only are the premia for white and Hispanic players statistically significant, but they are large: up to 25% for the bottom quintile of players. I also demonstrate that racial effects are obscured in typical baseball salary regressions because they suffer from omitted variable bias, brought about by failing to properly consider speed and fielding ability.