

During the second year of the Chicago Workshop on Black-White Inequality, we broadened the scope of our inquiries. Although the workshop still involved papers that dealt with the differences in education and labor market outcomes observed between black and white Americans, we also took up the topic of racial differences in health outcomes. Although economists and other social scientists have devoted most of their energies to understanding racial differences in education, income, occupational status, and related outcomes, existing black-white differences in health and mortality are as important and possibly more important as indicators of the degree of racial inequality in the United States.

In our December 2007 workshop, we learned that death rates for blacks from heart disease, coronary heart disease, stroke, and cancer are much higher than the corresponding rates among whites, and it is not easy to pin down the exact sources of these differences. Among the papers presented at our meeting, one provided clear evidence that the Civil Rights Act reduced infant mortality in the South among rural blacks because it gave sick infants who were dehydrated access to hospitals. However, other work presented and reviewed at the same workshop did not support the view that racial differences in access to care or differences in the ways that physicians treat black versus white patients play a large role in determining current differences in health outcomes among black and white adults.

A large literature explores the hypothesis that the stress of living in the United States as part of a minority population that has historically suffered discrimination creates health problems for black Americans. We spent a great deal of time exploring the issues involved in this research agenda. While the existing results are difficult to square with the hypothesis that stress related to racism plays no role in harming the health of blacks, it is also difficult to find definitive evidence that this factor plays a major role in determining black health outcomes.

Our next workshop will take place this fall here at the University of Chicago. One of our areas of emphasis will be the rising rate of incarceration among young black men. While most social scientists are aware of basic education, income, and social status differences between blacks and whites, few fully appreciate the racial differences in incarceration rates that currently exist. These differences, like the health differences we explored last December, are signs that black Americans may be much worse off relative to their white peers than standard demographic indicators suggest. We are particularly interested in exploring what the large current stock of black men in prison implies for the future of the communities from which they came.

The balance of the newsletter contains selected abstracts from our recent workshops and the preliminary program for our upcoming meeting on October 10th. Please see our website, chicagobwinequalityworkshop.googlepages.com, for updates on the program as they become available. If you are interested in attending our fall meeting, please contact Garrett Hagemann (garretth@uchicago.edu).



Sincerely,

Derek Neal

Director

The Chicago Workshop on Black-White Inequality

**The Great Society and
Child Health: Impacts of
the Introduction of the
Food Stamp Program**

Doug Almond,
Columbia University
Hilary Hoynes,
University of California, Davis
Diane Whitmore
Schanzenbach,
University of Chicago
*Discussant: Steve Haider,
Michigan State University*

**Prejudice and the Economics
of Discrimination**

Kerwin Charles,
University of Chicago
Jonathan Guryan,
University of Chicago

**Will Job Testing Harm
Minority Workers? Evidence
from the Retail Sector**

David Autor, MIT
David Scarborough,
Black Hills State University
*Discussant: Kevin Lang,
Boston University*

**Racial Labor Market Gaps:
The Role of Abilities and
Schooling Choices**

Sergio Urzua,
University of Chicago

**Left Behind By Design:
Proficiency Counts and
Test-Based accountability**

Derek Neal,
University of Chicago
Diane Whitmore
Schanzenbach,
University of Chicago
*Discussant: Julie Berry Cullen,
University of California,
San Diego*

We held the latest two meetings of the Workshop in June and December of 2007. The following summary gives a brief description of lessons learned during the first two workshops.

Will Job Testing Harm Minority Workers? Evidence from the Retail Sector

Because minorities typically fare poorly on standardized tests, job testing is thought to pose an equality-efficiency trade-off: testing improves selection but reduces minority hiring. We develop a conceptual framework to assess when this trade-off is likely to apply and evaluate the evidence for such a trade-off using hiring and productivity data from a national retail firm whose 1,363 stores switched from informal to test-based worker screening over the course of one year. We document that testing yielded more productive hires at this firm - raising mean and median tenure by 10-plus percent. Consistent with prior research, minorities performed worse on the test. Yet, testing had no measurable impact on minority hiring, and productivity gains were uniformly large among minority and nonminority hires. These results suggest that job testing raised the precision of screening without introducing additional negative information about minority applicants, most plausibly because both the job test and the informal screen that preceded it were unbiased.

Left Behind by Design: Proficiency Counts and Test-Based Accountability

Many test-based accountability systems, including the No Child Left Behind Act of 2001 (NCLB), place great weight on the numbers of students who score at or above specified proficiency levels in various subjects. Accountability systems based on these metrics often provide incentives for teachers and principals to target children near current proficiency levels for extra attention, but these same systems provide weak incentives to devote extra attention to students who are clearly proficient already or who have little chance of becoming proficient in the near term.

We show based on fifth grade test scores from the Chicago Public Schools that both the introduction of NCLB in 2002 and the introduction of similar district level reforms in 1996 generated noteworthy increases in reading and math scores among students in the middle of the achievement distribution. Nonetheless, the least academically advantaged students in Chicago did not score higher in math or reading following the introduction of accountability, and we find only mixed evidence of score gains among the most advantaged students. A large existing literature argues that accountability systems built around standardized tests greatly affect the amount of time that teachers devote to different topics. Our results for fifth graders in Chicago, as well as related results for sixth graders after the 1996 reform, suggest that the choice of the proficiency standard in such accountability systems determines the amount of time that teachers devote to students of different ability levels.

Civil Rights, the War on Poverty, and Black-White Convergence in Infant Mortality in the Rural South and Mississippi

For the last sixty years, African-Americans have been 75% more likely to die during infancy as whites. From the mid-1960s to the early 1970s, however, this racial gap narrowed substantially. We argue that the elimination of widespread racial segregation in Southern hospitals during this period played a causal role in this improvement. Our analysis indicates that Title VI of the 1964 Civil Rights Act, which mandated desegregation in institutions receiving federal funds, enabled 5,000 to 7,000 additional black infants to survive infancy from 1965-1975 and at least 25,000 infants from 1965-2002. We estimate that by themselves these infant mortality benefits generated a welfare gain of more than \$7 billion (2005\$) for 1965-1975 and more than \$27 billion for 1965-2002. These findings indicate that the benefits of the 1960s Civil Rights legislation extended beyond the labor market and were substantially larger than recognized previously.

Some Economics of Treatment Disparities in Healthcare

A large literature in medicine documents substantial racial and gender disparities in healthcare, and attributes their presence to provider discrimination. We use simple economic insights to characterize two competing views of physician behavior under prejudicial behavior, physician use a higher benefit hurdle before providing care to members of minority groups; minority members should therefore have higher returns from being treated. Under statistical-discrimination, race and gender are markers for the benefit from treatment; average returns are lower for minority members. The two models generate different testable implications that we examine using data on heart-attack treatments from the Cooperative Cardiovascular Project (CCP). We reject the model of prejudicial behavior by providers. To explore the underlying reasons for lower returns to intensive treatment for minorities we evaluate the role of explanations such as physicians using different triage rules, or different implicit values of life, greater uncertainty in the benefits from intensive treatments in minorities, differences in providers, and differences in follow up care. With the exception of the last factor, we find no empirical support for any of these explanations.

An Overview of Racial Differences in Health Care Access and Treatment

Jonathan Skinner,
Dartmouth College

Civil Rights, the War on Poverty, and Black-White Convergence in Infant Mortality in the Rural South and Mississippi

Douglas Almond,
Columbia University
Kenneth Chay,
University of California, Berkeley
Michael Greenstone, MIT
*Discussant: Kerwin Charles,
University of Chicago*

Some Economics of Treatment Disparities in Healthcare

Amitabh Chandra, Harvard
University
Douglas Staiger, Dartmouth
College and NBER
*Discussant: Mark Duggan,
University of Maryland*

Observations Concerning the Literature on Stress and Racial Differences in Healthcare

Jay Kaufman, University of
North Carolina at Chapel Hill

Understanding Racial Differences in Life Expectancy

Katherine Barghaus, NBER
David Cutler, Harvard University
Roland Fryer, Harvard University
Edward Glaeser, Harvard
University
*Discussant: John Bound,
University of Michigan*

Biology, Stress and the Intergenerational Transmission of Economic Status

Anna Aizer, Brown University
Laura Stroud,
Brown Medical School
Stephen Buka, Brown University
*Discussant: Emma Adam,
Northwestern University*

THE CHICAGO WORKSHOP ON BLACK-WHITE INEQUALITY

Summer 2008
UNIVERSITY OF CHICAGO

Our next workshop will be held on October 10th on the University of Chicago campus. Below are some of the presenters and the topics they will be discussing at the next workshop.

Bruce Western
John F. Kennedy School of Government
Harvard University

Crime and the American Prison Boom

Steven Raphael
Richard & Rhoda Goldman School of Public Policy
University of California, Berkeley

Why Are So Many Americans in Prison

Amea Kamdar
Becker Center
University of Chicago

Male Incarceration and Teen Fertility

James Heckman
Department of Economics
University of Chicago

Taking the Easy Way Out: How the GED Testing Program Induces Students to Drop Out



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