Redistribution Policies

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Social Determinants of Inequality and Associational Redistribution

Equality-enhancing policies are generally formulated in terms of transfers of money or in kind assistance.

Locations within the social/economic structure can be affected by policy.

I have called this “associational redistribution”.

Social Determinants of Inequality and Associational Redistribution

Examples

- affirmative action
- busing for integration
- charter schools/magnet schools
- zoning - “Mt. Laurel Doctrine”

Social Determinants of Inequality and Associational Redistribution

Normative Issues

- competing ethical claims
- political feasibility
- supply side approach

Social Determinants of Inequality and Associational Redistribution

Comment on Political Efficacy

Bottom Line: Such policies are immensely unpopular, when they are demand side (language due to Loury, I believe).

Social Determinants of Inequality and Associational Redistribution

Possible alternative: Supply Side Associational Redistribution

Implement policies that only indirectly redistribute memberships.

Charles Moskos and John Sibley Butler have argued the military does this.

A possible interpretation of early childhood education increases!

MTO

Moving to Opportunity

Kling, Liebman, and Katz (Econometrica, 2007) – Experimental Analysis of Neighborhood Effects

Households in Baltimore, Boston, Chicago, Los Angeles, and New York randomly assigned housing assistance:

- Control group received no new assistance, but continued to be eligible for public housing.
- Section 8 group received a traditional Section 8 voucher, without geographic restriction.
- Experimental group received a Section 8 voucher, restricted for one year to a census tract with a poverty rate of less than 10 percent, and mobility counseling.

Sample consists of 4248 households assigned from 1994-97 at the five sites.

Moving to Opportunity

- Poverty rates for the control group and non-compliers (those offered assistance who did not accept) are quite similar to each other
- Experimental compliers lived in neighborhoods with significantly lower poverty rates than did controls
- Section 8 compliers also lived in lower-poverty neighborhoods, but their density is shifted by a more modest amount

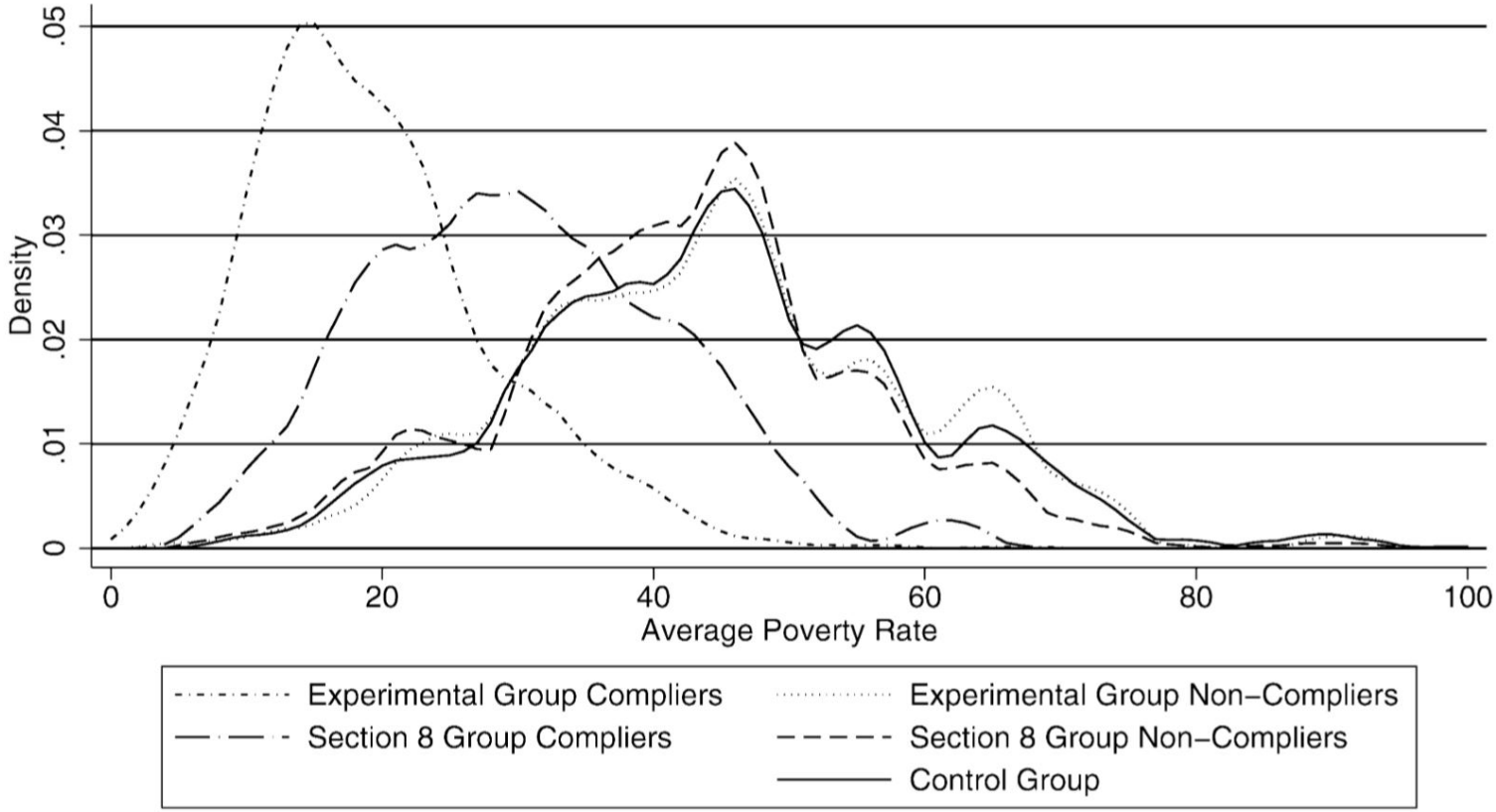


FIGURE 1.—Densities of average poverty rate, by group. Average poverty rate is a duration-weighted average of tract locations from random assignment through 12/31/2001. Poverty rate is based on linear interpolation of 1990 and 2000 Censuses. Density estimates used an Epanechnikov kernel with a half-width of 2.

Source: Kling, Liebman, and Katz (2007)

Moving to Opportunity

Intent-to-treat (ITT) effects: differences between treatment and control group means. Treatment-on-treated (TOT) estimated using the offer of an MTO voucher as an instrumental variable for MTO voucher use

- Effect on mental health for the experimental group of much larger magnitude than the others (only adult estimate statistically significant at the 5 percent level); no significant effects on adult economic self-sufficiency or physical health
- For results pooling all youth, the direction of effects is positive for mental health and education, and negative for physical health and risky behavior
- Large positive effects on mental health and risky behavior for female youth, and large negative effects on physical health and risky behavior for male youth

TABLE II

MEAN EFFECT SIZES FOR SUMMARY MEASURES OF OUTCOMES[a]

	All Adults		All Youth		Female Youth		Male Youth		M – F Youth	
	E – C (i)	S – C (ii)	E – C (iii)	S – C (iv)	E – C (v)	S – C (vi)	E – C (vii)	S – C (viii)	E – C (ix)	S–C (x)
Economic self-sufficiency	0.017 (0.031)	0.037 (0.033)								
Absence of physical health problems	0.012 (0.024)	0.019 (0.026)	−0.038 (0.038)	−0.020 (0.040)	0.025 (0.053)	0.077 (0.055)	−0.112* (0.053)	−0.114 (0.061)	−0.138 (0.076)	−0.192* (0.084)
Absence of mental health problems	0.079* (0.030)	0.029 (0.033)	0.102 (0.053)	0.138* (0.056)	0.267* (0.062)	0.192* (0.067)	−0.052 (0.080)	0.054 (0.092)	−0.319* (0.101)	−0.138 (0.113)
Absence of risky behavior			−0.023 (0.043)	−0.039 (0.050)	0.142* (0.053)	0.129* (0.059)	−0.181* (0.062)	−0.208* (0.071)	−0.323* (0.080)	−0.337* (0.092)
Education			0.050 (0.041)	0.028 (0.047)	0.138* (0.065)	0.056 (0.068)	−0.053 (0.047)	−0.001 (0.060)	−0.191* (0.080)	−0.057 (0.090)
Overall	0.036 (0.020)	0.028 (0.022)	0.018 (0.025)	0.018 (0.026)	0.136* (0.034)	0.109* (0.034)	−0.099* (0.031)	−0.078* (0.037)	−0.235* (0.047)	−0.187* (0.051)

[a]E – C denotes experimental – control; S – C denotes Section 8 – control. Estimates are the intent-to-treat mean effect sizes, from Equation (1), fully interacted with gender in columns (v)–(x) as described in the text. The estimated equations all include site indicators and the baseline covariates listed in Appendix A with those in Table A1 included for adults and those in Tables A1 and A2 included for youth. M – F Youth is male – female difference. Adult economic self-sufficiency: + adult not employed and not on TANF + employed + 2001 earnings – on TANF – 2001 government income. Adult mental health: – distress index – depression symptoms – worrying + calmness + sleep. Adult physical health: – self-reported health fair/poor – asthma attack past year – obesity – hypertension – trouble carrying/climbing. Adult overall includes 15 measures in self-sufficiency, physical health, and mental health. Youth physical health: – self-reported health fair/poor – asthma attack past year – obesity – nonsports injury past year. Youth mental health: – distress index – depression symptoms – anxiety symptoms. Youth risky behavior: – marijuana past 30 days – smoking past 30 days – alcohol past 30 days – ever pregnant or gotten someone pregnant. Youth education: + graduated high school or still in school + in school or working + WJ-R broad reading score + WJ-R broad math score. Youth overall includes 15 measures in physical health, mental health, risky behavior, and education. Sample sizes in the E, S, and C groups are 1,453, 993, and 1,080 for adults and 749, 510, and 548 for youth ages 15–20 on 12/31/2001. Robust standard errors adjusted for household clustering are in parentheses; * = p-value < 0.05.

Source: Kling, Liebman, and Katz (2007)

TABLE III

SPECIFIC OUTCOMES WITH EFFECTS SIGNIFICANT AT 5 PERCENT LEVEL[a]

	E/S (i)	CM (ii)	ITT (iii)	TOT (iv)	CCM (v)
A. Adult outcomes					
Obese, BMI ≥ 30	E – C	0.468	−0.048	−0.103	0.502
			(0.022)	(0.047)	
Calm and peaceful	E – C	0.466	0.061	0.131	0.443
			(0.022)	(0.047)	
Psychological distress, K6 *z*-score	E – C	0.050	−0.092	−0.196	0.150
			(0.046)	(0.099)	
B. Youth (female and male) outcomes					
Ever had generalized anxiety symptoms	E – C	0.089	−0.044	−0.099	0.164
			(0.019)	(0.042)	
	S – C	0.089	−0.063	−0.114	0.147
			(0.019)	(0.035)	
Ever had depression symptoms	S – C	0.121	−0.039	−0.069	0.134
			(0.019)	(0.035)	
C. Female youth outcomes					
Psychological distress, K6 scale *z*-score	E – C	0.268	−0.289	−0.586	0.634
			(0.094)	(0.197)	
Ever had generalized anxiety symptoms	E – C	0.121	−0.069	−0.138	0.207
			(0.027)	(0.055)	
	S – C	0.121	−0.075	−0.131	0.168
			(0.029)	(0.051)	
Used marijuana in the past 30 days	E – C	0.131	−0.065	−0.130	0.202
			(0.029)	(0.059)	
	S – C	0.131	−0.072	−0.124	0.209
			(0.032)	(0.056)	
Used alcohol in past 30 days	S – C	0.206	−0.091	−0.155	0.306
			(0.038)	(0.056)	
D. Male youth outcomes					
Serious nonsports accident or injury in past year	E – C	0.062	0.087	0.215	0
			(0.026)	(0.064)	
	S – C	0.062	0.080	0.157	0
			(0.028)	(0.058)	
Ever had generalized anxiety symptoms	S – C	0.055	−0.049	−0.098	0.126
			(0.024)	(0.047)	
Smoked in past 30 days	E – C	0.125	0.103	0.257	0
			(0.032)	(0.084)	
	S – C	0.125	0.151	0.293	0.014
			(0.037)	(0.073)	

[a]E/S: indicates whether the row is experimental − control (E − C) or Section 8 − control (S − C). CM, control mean; ITT, intent-to-treat, from Equation (1); TOT, treatment-on-treated, from Equation (2); CCM, control complier mean. Robust standard errors adjusted for household clustering are in parentheses. The estimated equations all include site indicators and the baseline covariates listed in Appendix A with those in Table A1 included for adults and those in Tables A1 and A2 for youth. Rows shown in the table to illustrate magnitudes were selected based on ITT *p*-values < 0.05 and are 17 of 120 from the set of specific contrasts (E − C, S − C), based on the outcomes (15 for adults and 15 for youth) and subgroups—adults, youth (female and male), female youth, and male youth—described in the notes to Table II.

Source: Kling, Liebman, and Katz (2007)

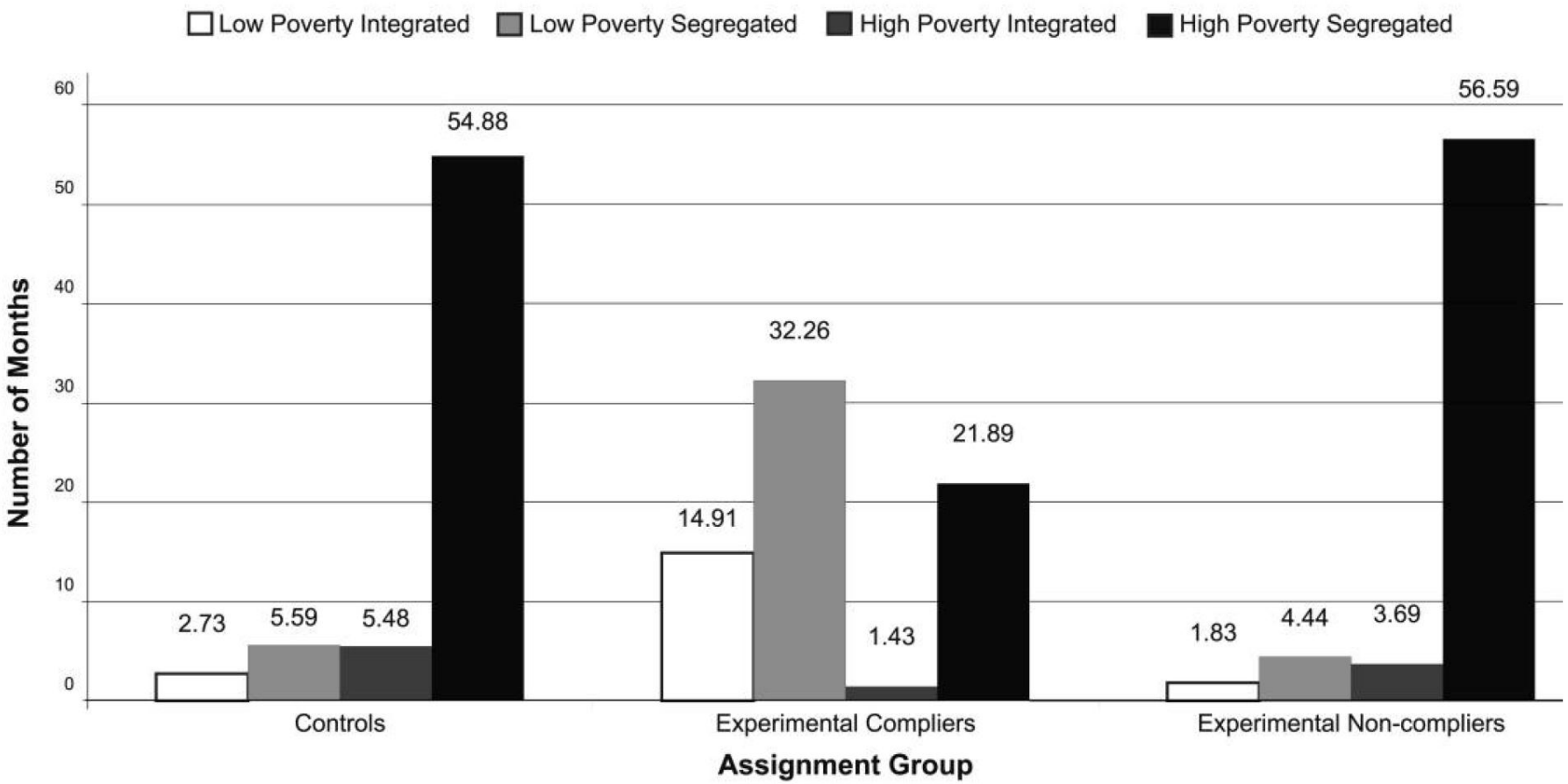


FIG. 1.—Time spent in different kinds of neighborhoods by assignment group

Even among experimental compliers, relatively little time logged within integrated low-poverty settings
Source: Clampet-Lundquist and Massey (2008)

Moving to Opportunity

Sampson (AJS, 2008) - *Moving to Inequality: Neighborhood Effects and Experiments Meet Social Structure*

- MTO induced residential outcomes over the long run that differ in poverty but not necessarily in racial integration or other factors
- For destination tracts, the experimental reduction in poverty rate was from 42% to 37%
- Vast majority of destinations close by disadvantaged communities

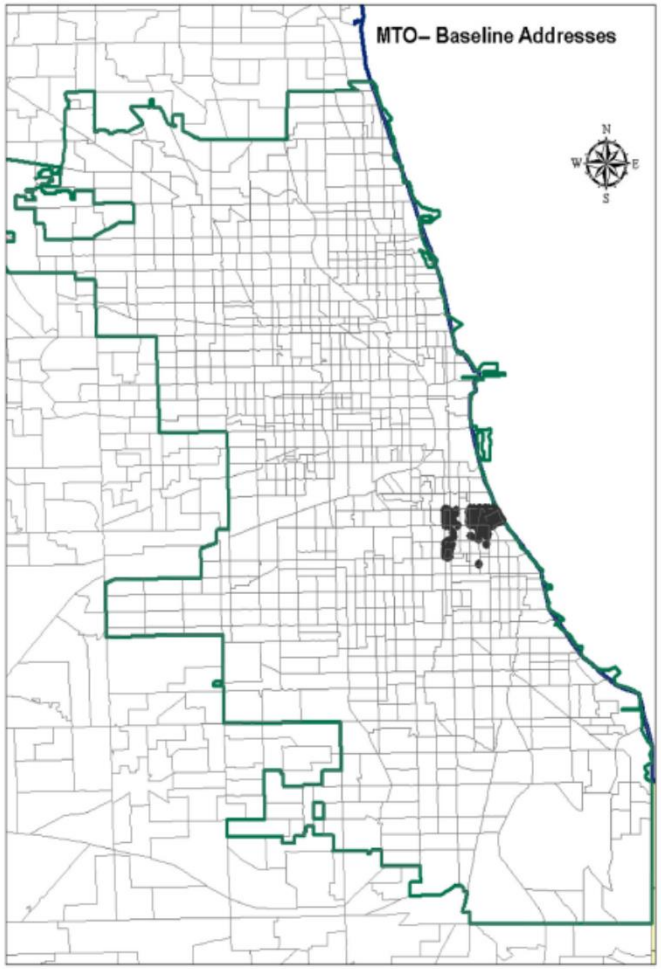


Figure 1.
Clustering of MTO Families at Baseline in Inner City Poverty Areas of Chicago

Source: Sampson (2008)

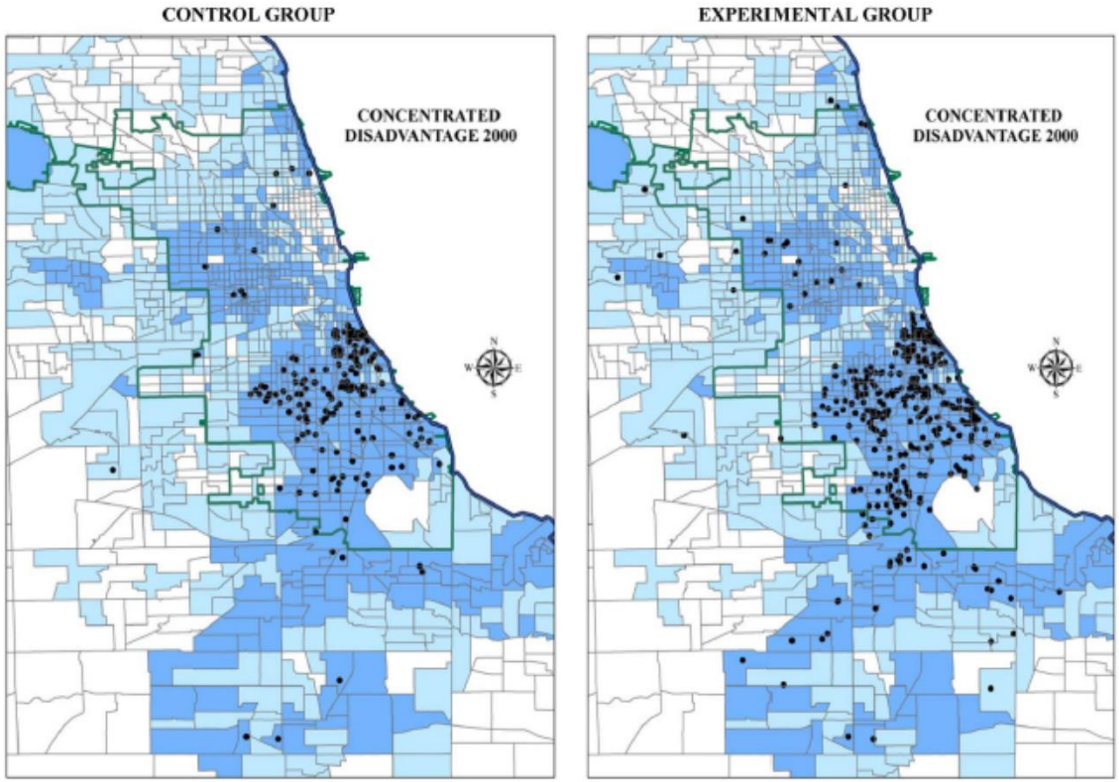


Figure 2.
Residential Movement of Chicago MTO Families: Destination Neighborhoods in 2002 by Key Treatment Groups and Concentrated Disadvantage of Census Tract in the Greater Chicago Metropolitan Area
Note: Concentrated disadvantage trichotomized unto equal thirds. Lightest shading indicates "low" and darkest "high" disadvantage.

Location of MTO participants at the end of the last follow-up evaluation
Source: Sampson (2008)

Moving to Opportunity

- Destination neighborhoods still highly segregated
- Dynamics:
  - Disadvantage decreasing over time in Chicago, but the rate of decrease was lower for the experimental group than for the controls
  - When trajectories of neighborhood change are the outcome criterion, the MTO experiment did not result in the experimental group ending up in better-off neighborhoods

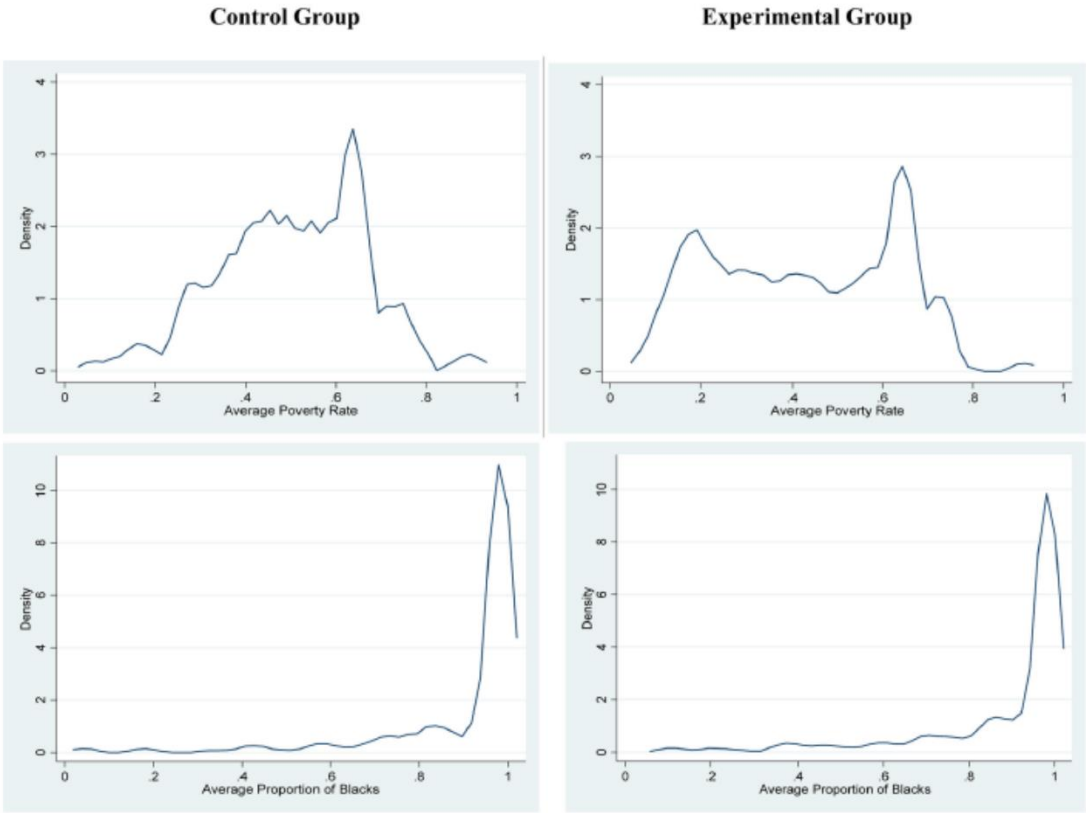


Figure 3.
Duration-Weighted Kernel Density Estimates of Poverty and Percent Black by MTO Treatment Group

Note: All graphs reflect kernel densities based on an Epanechnikov function and a bandwidth of .02. Average poverty rate and average percent black are duration weighted averages at all tract locations since random assignment with census interpolation between 1990 and 2002. Data also randomization weighted.

Source: Sampson (2008)

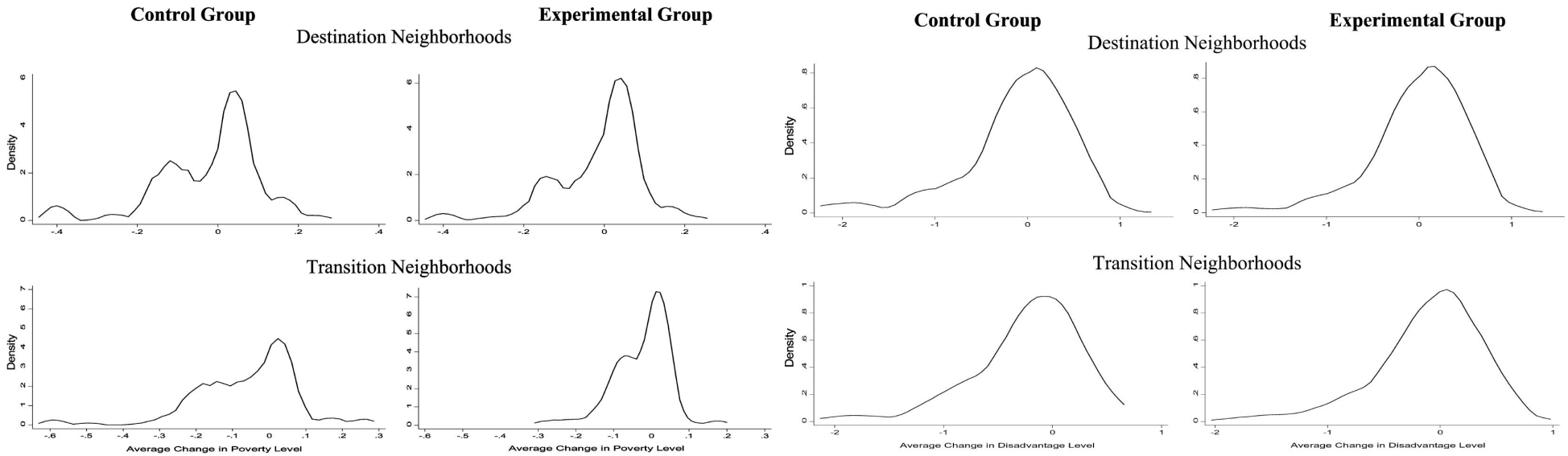


FIG. 4.—Change in poverty and disadvantage of destination neighborhoods and transition neighborhoods (duration weighted) by MTO treatment group. All graphs reflect kernel density based on an Epanechnikov function and a bandwidth of 0.02. Data are randomization weighted.

Source: Sampson (2008)

Moving to Opportunity

- Both experimental and control group members often still ended up in disadvantaged areas
- Very little racial exchange across areas

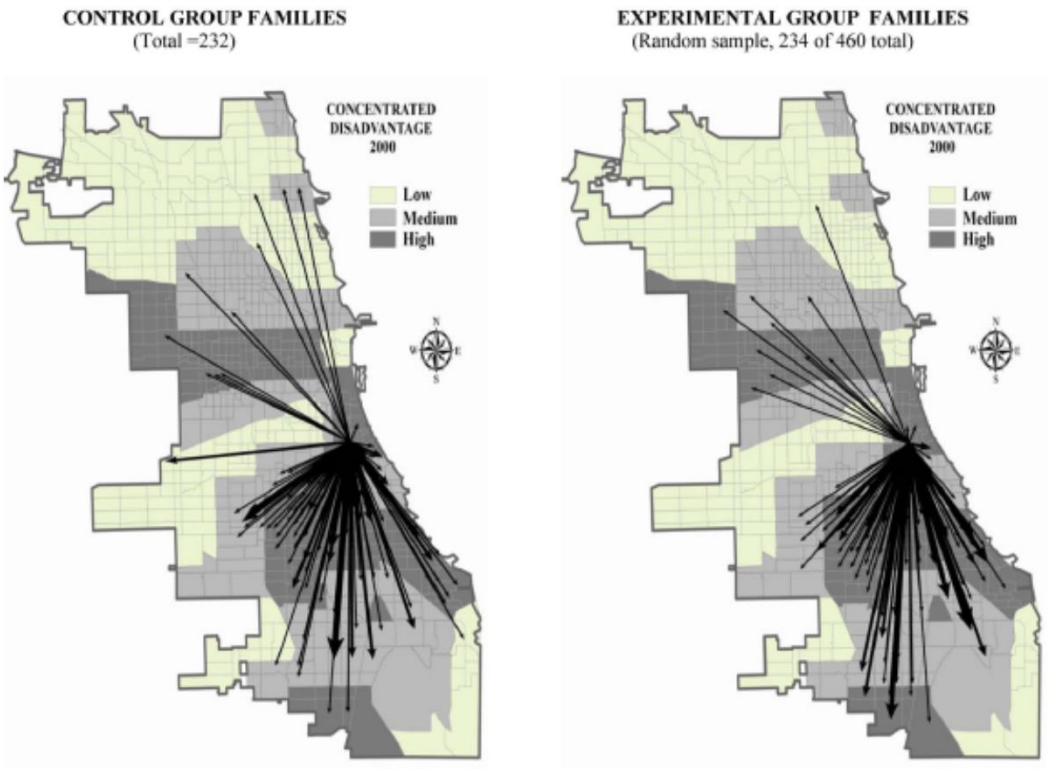


Figure 5.
Trajectory Flows from Baseline Poverty Neighborhoods by Concentrated Disadvantage in 2000 of Chicago Community Areas. Calculated From Origin-to-Destination Tracts circa 1995–2002 by Control Group and Random Sample of Experimentals
Note: Concentrated disadvantage trichotomized unto equal thirds. Lightest shading indicates "low" and darkest "high" disadvantage. Origin or baseline neighborhoods are collapsed into one "dot." Arrows reflecting ties between tracts are proportional to volume of movement. Within neighborhood circulation flows and moves between origin neighborhoods not shown.

Source: Sampson (2008)

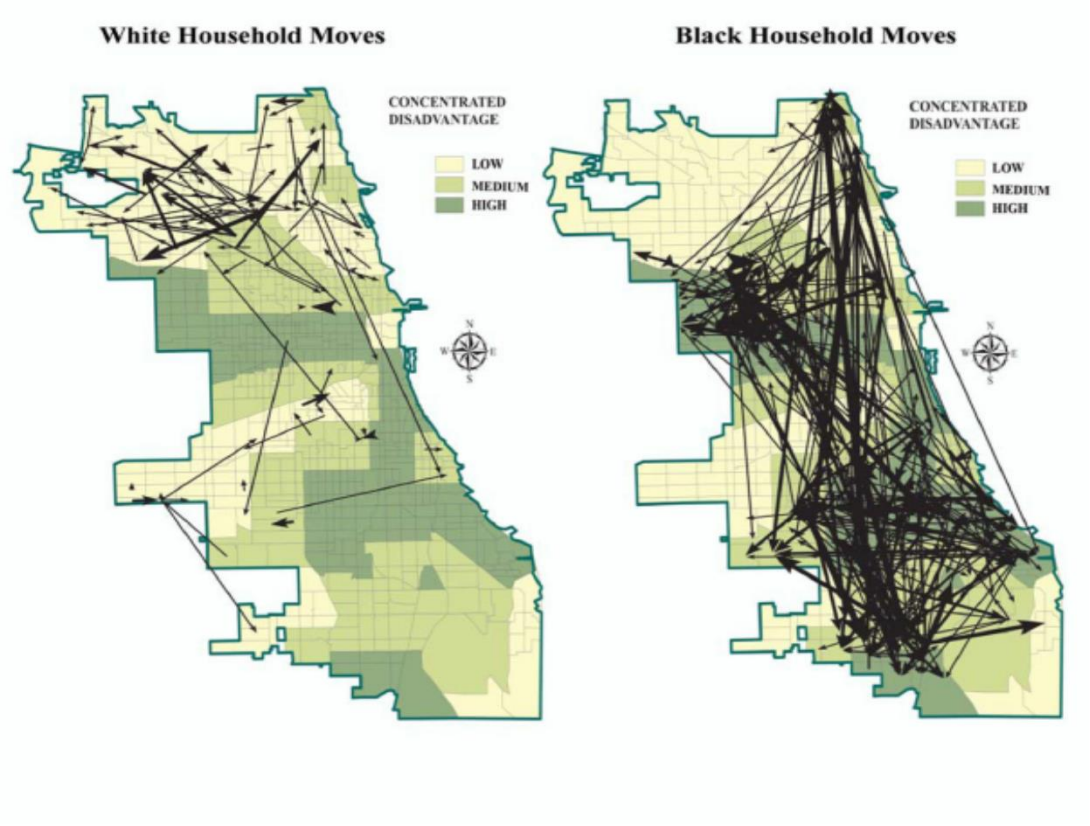


Figure 6.
Separate Social Worlds of Children's Exposure to Concentrated Disadvantage: Trajectories of Movement among Representative Sample of Black and White Families in the PHDCN Longitudinal Cohort Study, circa 1995–2002, by Community Area Disadvantage
Note: Concentrated disadvantage trichotomized unto equal thirds. Lightest shading indicates "low" and darkest "high" disadvantage. Ties (arrows) are valued and proportional to volume.

Source: Sampson (2008)

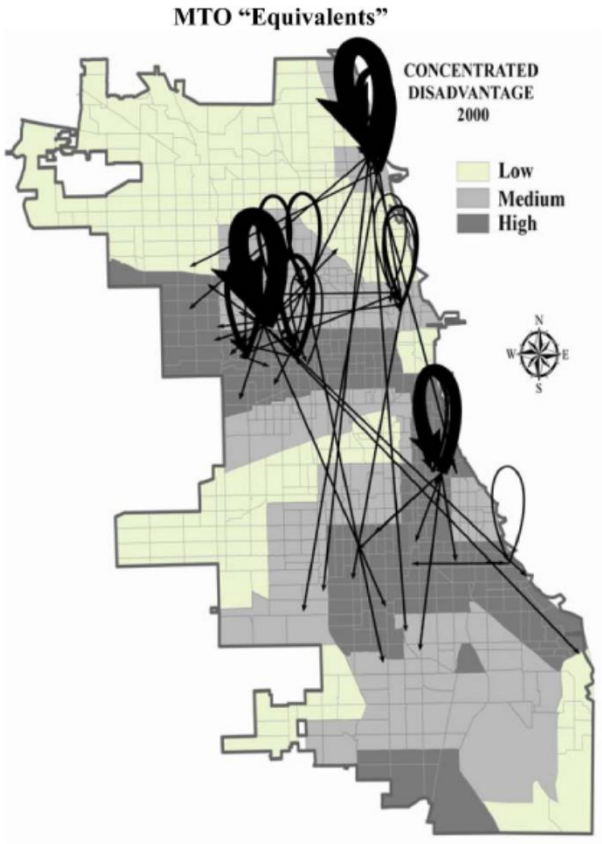


Figure 7.
Neighborhood Circulation Flows of "MTO Equivalent" Households in the PHDCN Longitudinal Cohort Study (N=139), circa 1995–2002, by Concentrated Disadvantage in Chicago Community Areas. Mobility Ties Between Census Tracts Proportional to Volume and "Loop" Arrows Depict Internal Moves within the Baseline Neighborhoods of Origin
Note: Concentrated disadvantage trichotomized unto equal thirds. Lightest shading indicates "low" and darkest "high" disadvantage.

Source: Sampson (2008)

Moving to Opportunity

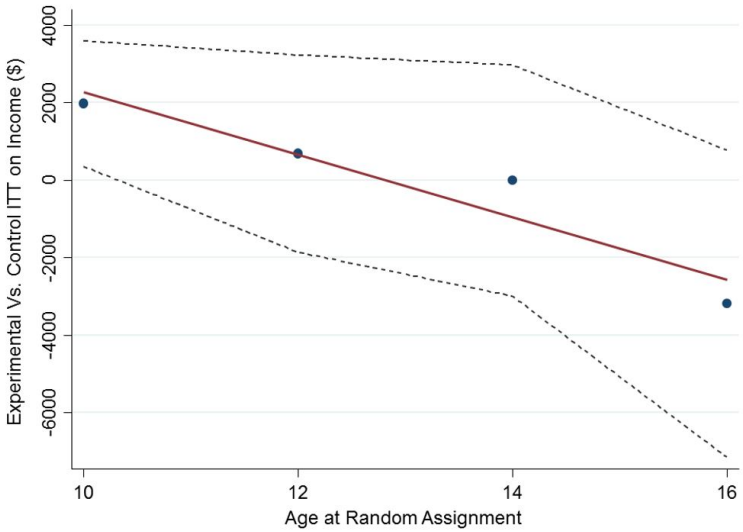
Chetty et al. (2015) - *The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment*

- Moving to a lower-poverty neighborhood significantly improves college attendance rates and earnings for children who were young (below age 13) when their families moved
- No effect on adult earnings

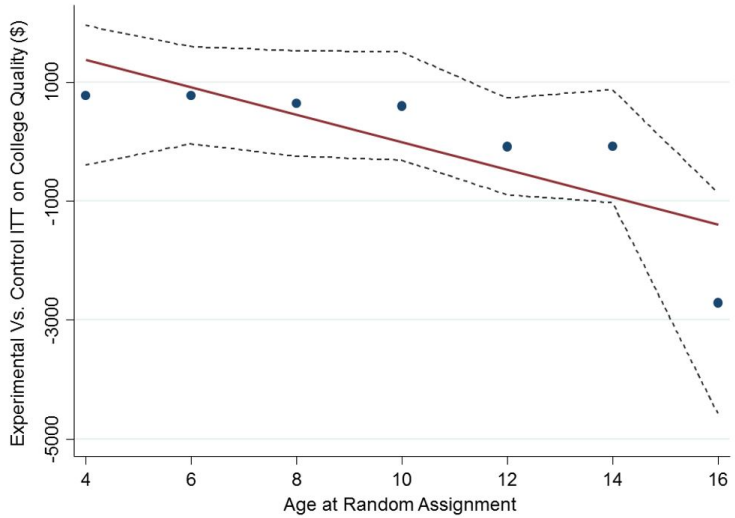
FIGURE 2

Impacts of Experimental Voucher by Children's Age at Random Assignment

A. Household Income, Age $\geq$ 24 ($)



B. College Quality, Ages 18-20 ($)



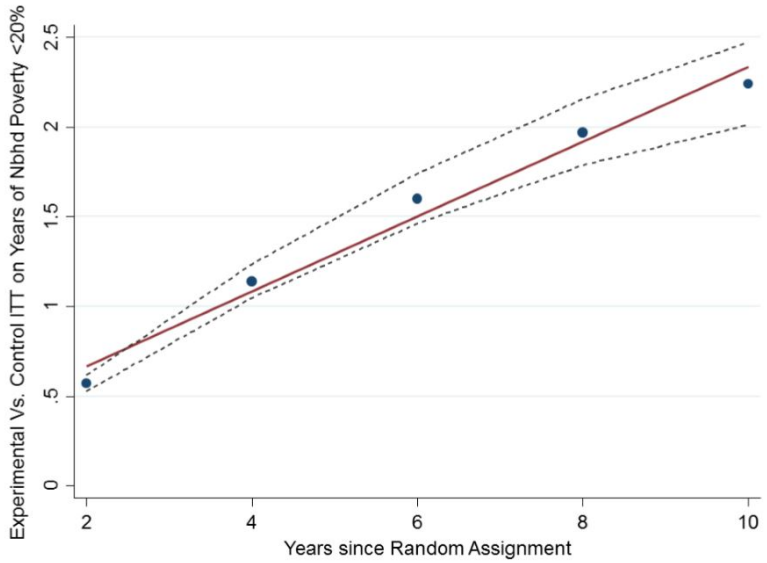
Notes: These figures plot intent-to-treat (ITT) estimates of the impact of being assigned to the experimental voucher group by a child's age at random assignment (RA). Panel A plots impacts on household income for those above age 24, while Panel B plots impacts on the earnings-based index of college quality between ages 18-20. To construct Panel A, we first divide children into two-year age groups based on their age at random assignment; for instance, children who were ages 12 or 13 at RA are placed in the "age 12" group in the figure. Since there are few children who are below age 10 at RA and whose income is observed at age 24, we include those below age 10 at RA in the age 10 bin; likewise, we include children who are 18 at RA in the age 16 bin. Using data within each age bin, we regress household income on indicators for being assigned to the experimental and section 8 voucher groups using the same specification as in Column 8 of Table 3, with one observation per individual per year from 2008-12 in which the individual is 24 or older. The solid line is a best fit line for the plotted estimates. The dashed lines show the 95% confidence interval for each of the estimates. Panel B replicates Panel A using college quality as the dependent variable. The regression specification used to estimate the coefficients plotted in Panel B is the same as that in Column 6 of Table 4, with one observation per year when the child is between the ages of 18-20. We plot the coefficients on the experimental voucher group indicator in this figure; the corresponding estimates for the Section 8 voucher group are shown in Appendix Figure 2. See notes to Tables 3 and 4 for definitions of household income and college quality.

Source: Chetty et al. (2015)

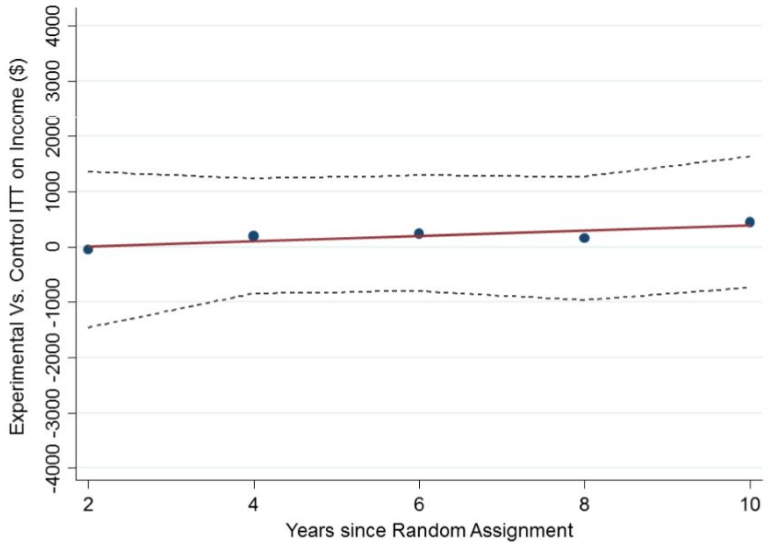
FIGURE 3

Impacts of Experimental Voucher on Adults by Years Since Random Assignment

A. Cumulative Years of Exposure to Low-Poverty Neighborhoods



B. Individual Earnings ($)



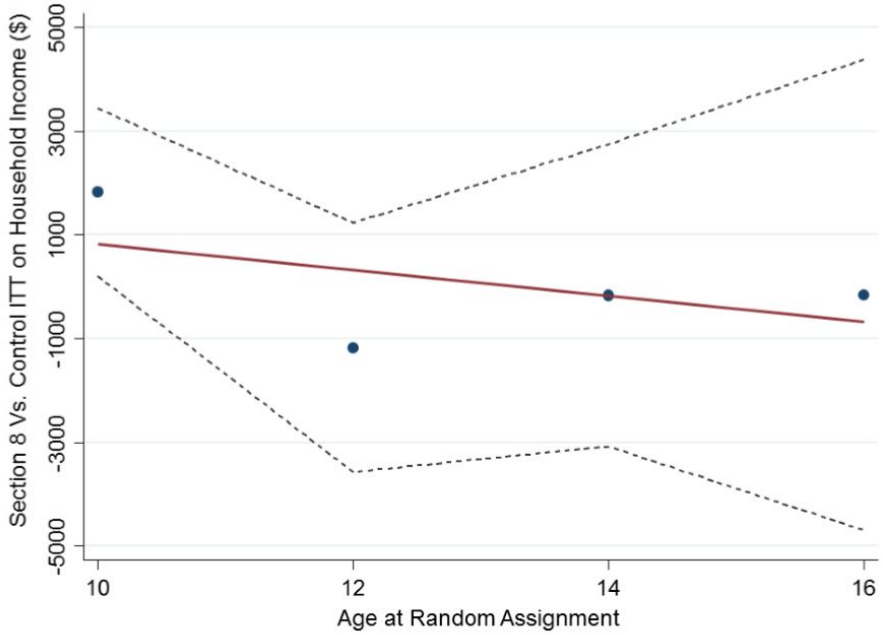
Notes: These figures plot intent-to-treat (ITT) estimates of the impact of being assigned to the experimental voucher group by the number of years since random assignment (RA) for adults. Panel A plots impacts on the total number of years the individual lived in a census tract with a poverty rate of less than 20% since RA. To construct Panel A, we first divide the data into two-year groups based on the number of years since RA (e.g., data in the first and second year after the calendar year of RA are assigned a value of 2). Using the data within each bin (with two observations per adult), we regress the total number of years in which the individual lived in a census tract with a poverty rate below 20% since RA on indicators for being assigned to the experimental and section 8 voucher groups as well as randomization site indicators, following the standard ITT specification used for other outcomes. The solid line is a best fit line for the plotted estimates. Tract poverty rates were linearly interpolated using data from the 1990 and 2000 decennial censuses as well as the 2005-09 American Community Survey. Panel B plots impacts on individual earnings, and is constructed using the same approach as in Panel A. The regression specification used to estimate the coefficients plotted in Panel B is analogous to that in Column 1 of Table 9, with one observation per adult at age 24 or above for the relevant years in each bin. We plot the coefficients on the experimental voucher group indicator in this figure; the corresponding estimates for the Section 8 voucher group are shown in Appendix Figure 3. See notes to Tables 9 for the definition of individual earnings.

Source: Chetty et al. (2015)

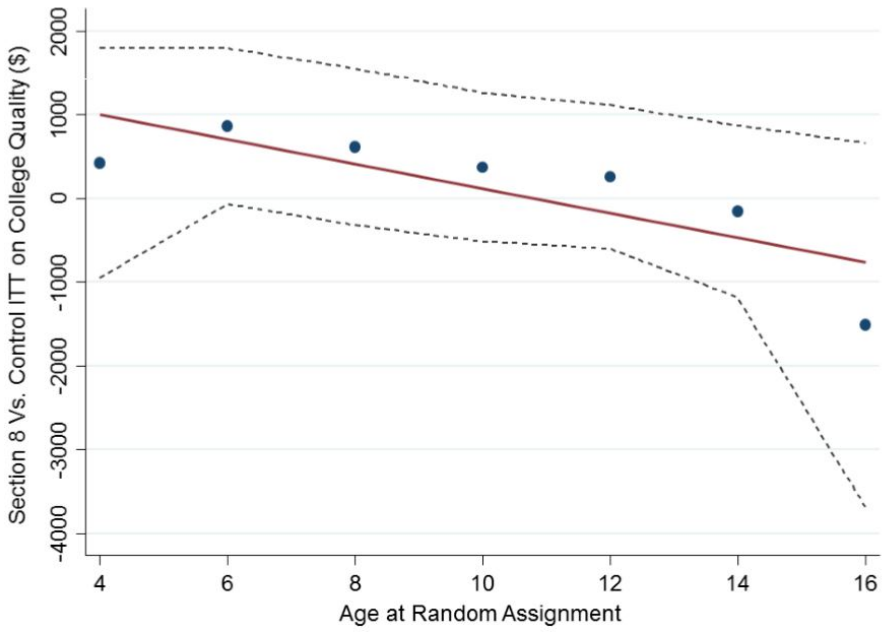
APPENDIX FIGURE 2

Impacts of Section 8 Voucher by Age at Random Assignment

A. Household Income, Age $\geq$ 24 ($)



B. College Quality, Ages 18-20 ($)



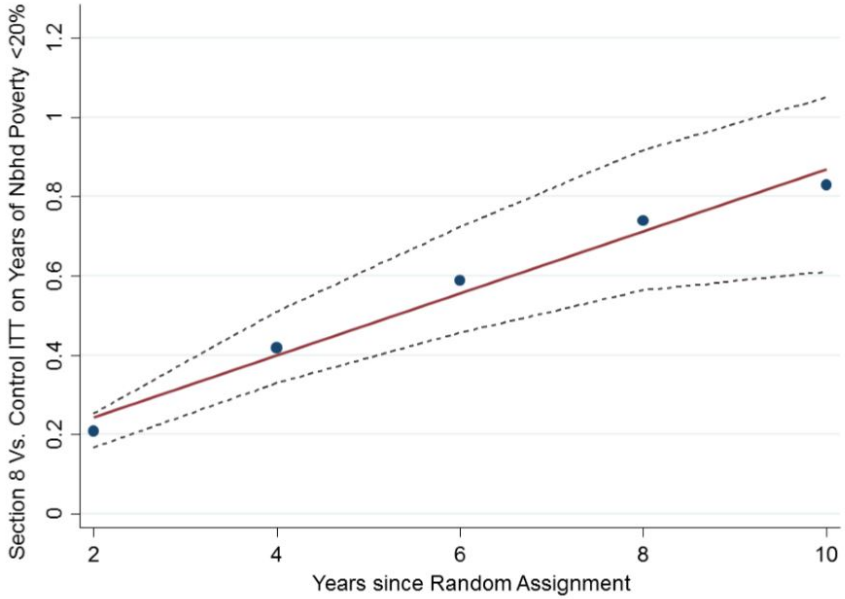
Notes: These figures replicate Figure 2 in the text, but plot the effects of being assigned to the Section 8 voucher group (relative to the control group). See notes to Figure 2 for details on variable definitions and specifications.

Source: Chetty et al. (2015)

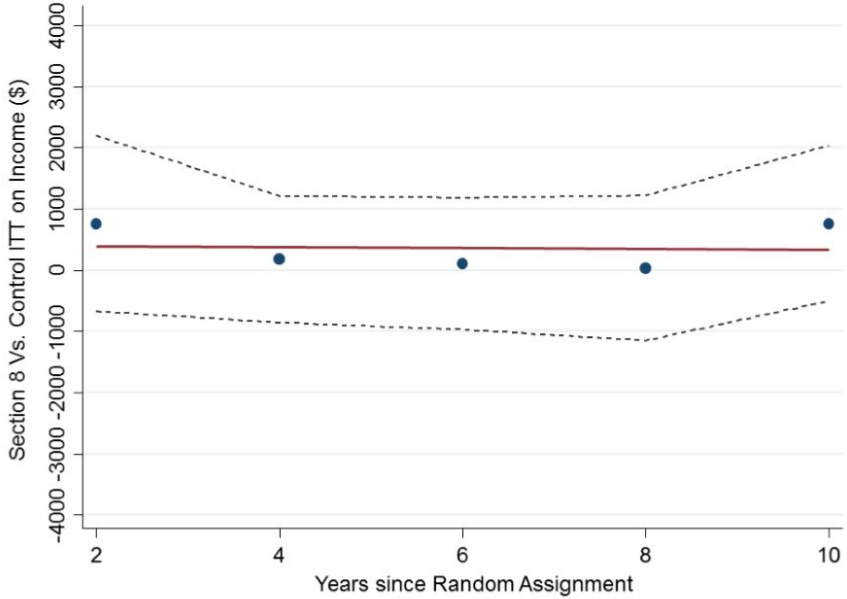
APPENDIX FIGURE 3

Impacts of Section 8 Voucher on Adults by Years Since Random Assignment

A. Cumulative Years of Exposure to Low-Poverty Neighborhoods



B. Individual Earnings ($)



Notes: These figures replicate Figure 3 in the text, but plot the effects of being assigned to the Section 8 voucher group (relative to the control group). See notes to Figure 3 for details on variable definitions and specifications.

Source: Chetty et al. (2015)

Affirmative Action

Affirmative action

Card and Kruger (ILRR 2005) - *Would the elimination of affirmative action affect highly qualified minority applicants? Evidence from California and Texas*

- Between 1996 and 1998 California and Texas eliminated the use of affirmative action in college and university admissions
- Admission rates of Black and Hispanic students to top state schools fell relative to others
- However, no evidence that highly qualified Black and Hispanic students changed SAT-score-sending behavior (correlated with application)

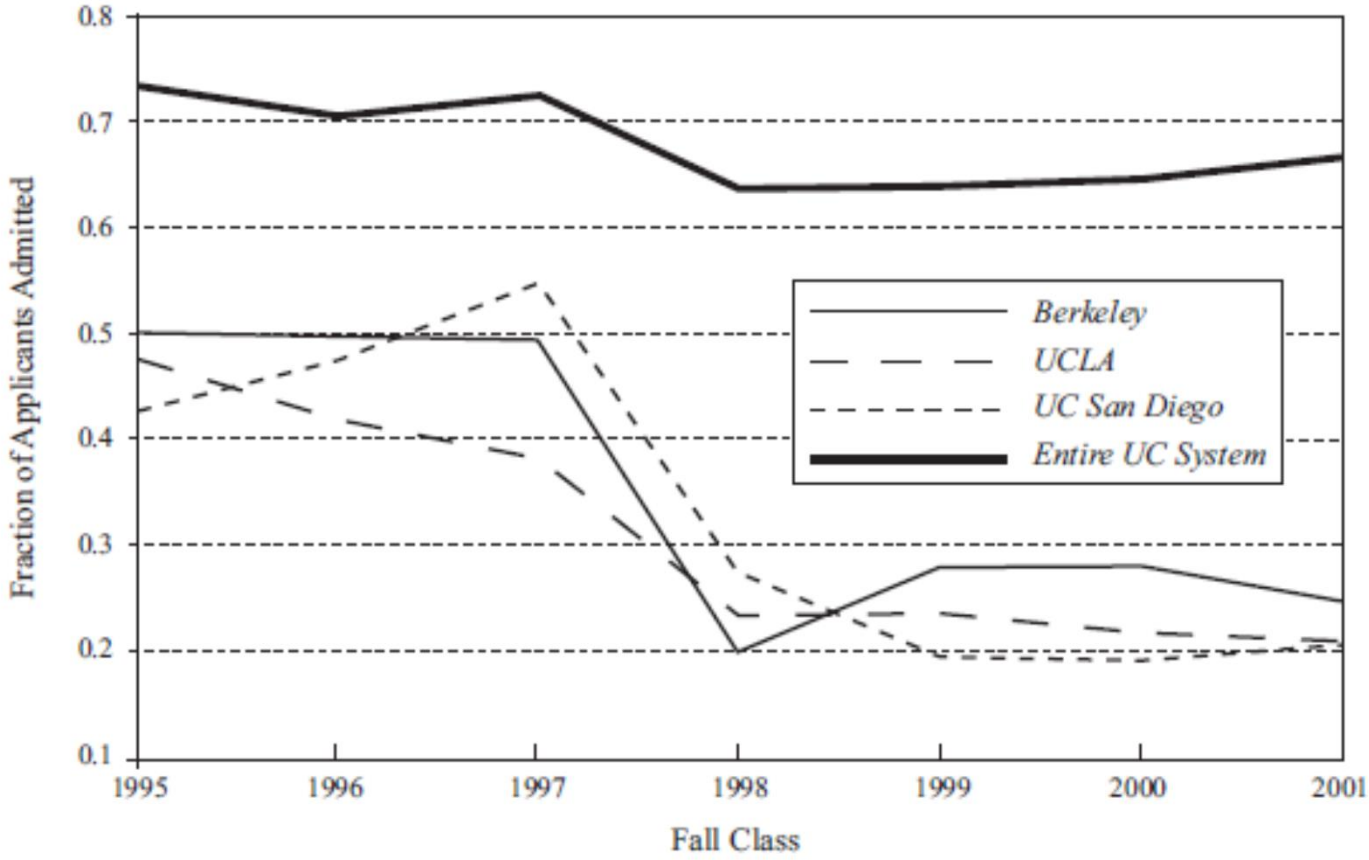


Figure 1a. Admission Rates of Black Freshman Applicants.

Source: Card and Krueger (2005)

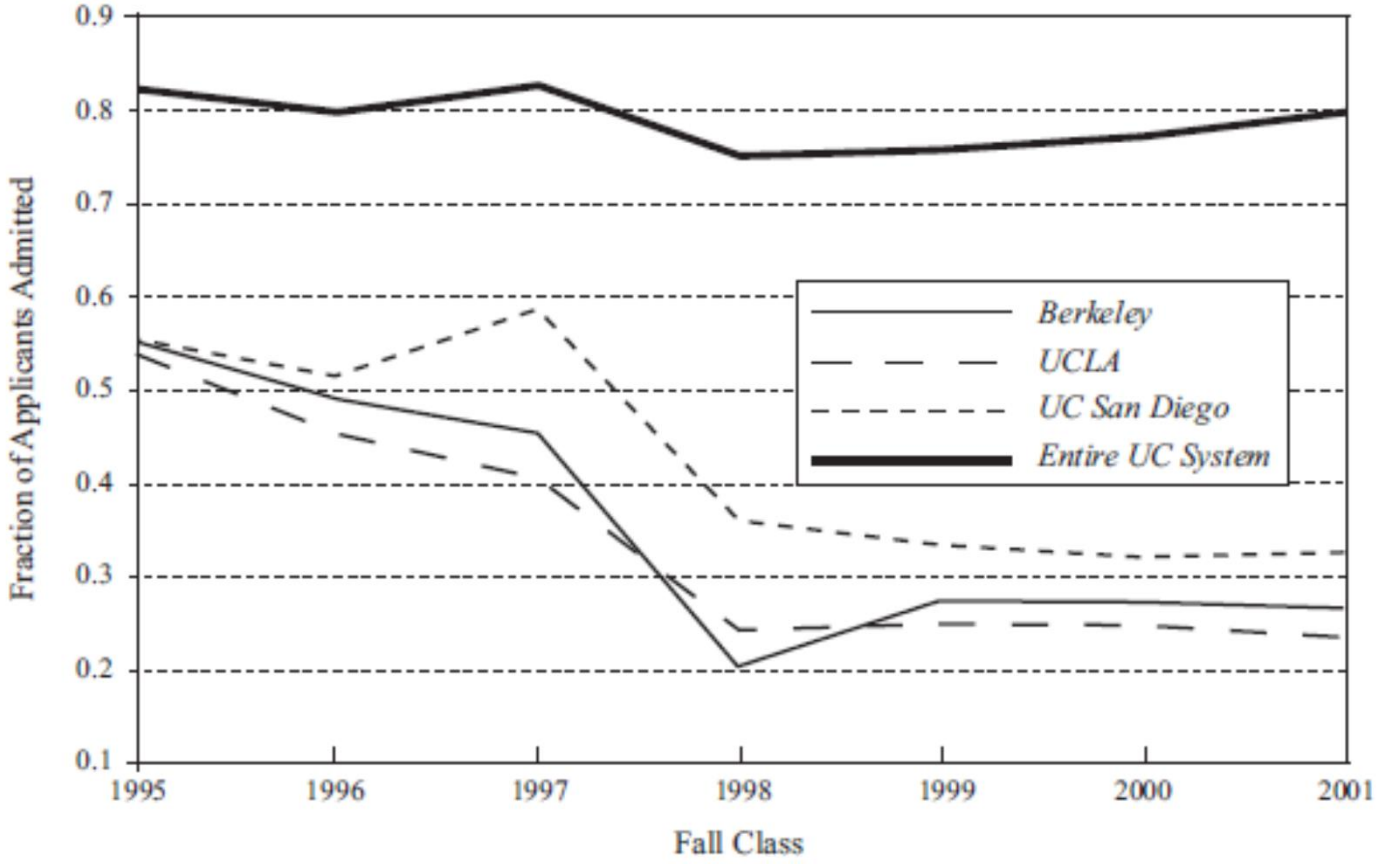


Figure 1b. Admission Rates of Hispanic Freshman Applicants.

Source: Card and Krueger (2005)

Figure 2a. Admission Rates of Freshman Applicants, Texas A&M University.

Source: Card and Krueger (2005)

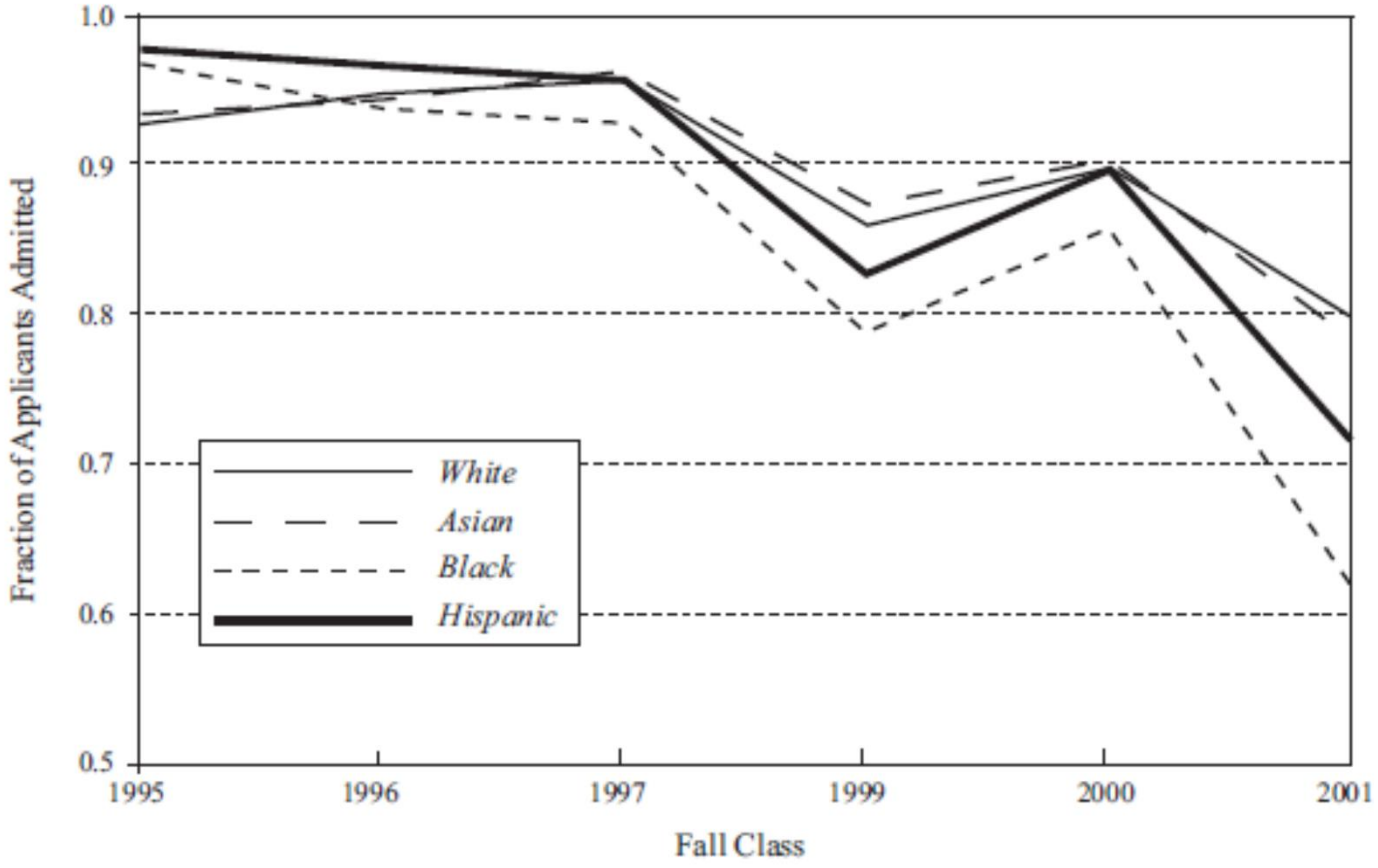


Figure 2b. Admission Rates of Freshman Applicants, UT Austin.

Source: Card and Krueger (2005)

Table 2. Characteristics of SAT Takers before and after the Elimination of Affirmative Action.

		SAT Outcomes:						SAT Scores Sent to:			
	Number Observations	*Mean*	*< 1150*	*1150–1299*	*> 1300*	*Cumulative GPA A or A+*	*Ranked in Top Decile*	*Mean No. Schools*	*Selective Publics*	*Most Selective Publics*	*In-State Privates*
California											
Black Non-Hispanic											
1994–1996	22,646	862	92.5	6.0	1.5	7.4	9.0	5.6	50.8	41.8	30.9
1999–2001	22,600	877	90.7	7.2	2.1	9.8	11.5	5.8	51.6	41.8	31.8
Hispanic											
1994–1996	61,093	902	89.1	8.5	2.4	12.9	13.8	5.3	63.5	49.5	36.1
1999–2001	69,694	907	88.7	8.6	2.7	15.6	16.3	5.4	63.8	49.7	33.6
White Non-Hispanic											
1994–1996	134,796	1081	63.6	23.9	12.5	22.9	24.0	5.7	60.5	42.7	28.4
1999–2001	139,154	1103	58.8	25.9	15.3	26.8	29.4	5.8	63.5	46.8	31.1
Asian											
1994–1996	73,103	1039	68.0	18.4	13.5	27.7	24.7	6.5	82.0	70.8	42.3
1999–2001	82,383	1060	64.0	19.8	16.2	28.9	27.5	6.5	83.5	71.3	39.0

Source: Card and Krueger (2005)

Table 2. Characteristics of SAT Takers before and after the Elimination of Affirmative Action.

		SAT Outcomes:						SAT Scores Sent to:			
	Number Observations	*Mean*	*< 1150*	*1150–1299*	*> 1300*	*Cumulative GPA A or A+*	*Ranked in Top Decile*	*Mean No. Schools*	*Selective Publics*	*Most Selective Publics*	*In-State Privates*
Texas											
Black Non-Hispanic											
1994–1996	23,266	860	94.2	4.8	1.0	12.0	11.8	5.0	59.1	35.7	26.2
1999–2001	29,028	859	93.6	5.2	1.2	14.5	12.8	5.1	64.2	36.5	24.7
Hispanic											
1994–1996	46,170	922	89.3	8.3	2.4	20.6	17.6	4.9	68.8	51.6	31.3
1999–2001	57,652	911	89.6	8.0	2.4	23.1	19.1	4.8	66.1	49.0	25.8
White Non-Hispanic											
1994–1996	133,864	1055	69.6	20.8	9.6	31.3	24.7	4.9	79.3	61.9	31.1
1999–2001	144,664	1063	67.8	21.6	10.6	35.5	26.9	4.8	78.1	61.1	28.8
Asian											
1994–1996	13,101	1074	62.5	20.4	17.1	39.0	32.9	6.0	85.6	75.7	53.9
1999–2001	15,485	1087	60.4	21.0	18.6	39.6	36.0	5.7	87.1	76.4	46.7

Source: Card and Krueger (2005)

Affirmative action

Kahlenberg (2012) - *A Better Affirmative Action: State Universities that Created Alternatives to Racial Preference*

Higher education admissions policies not specifically tied to race:

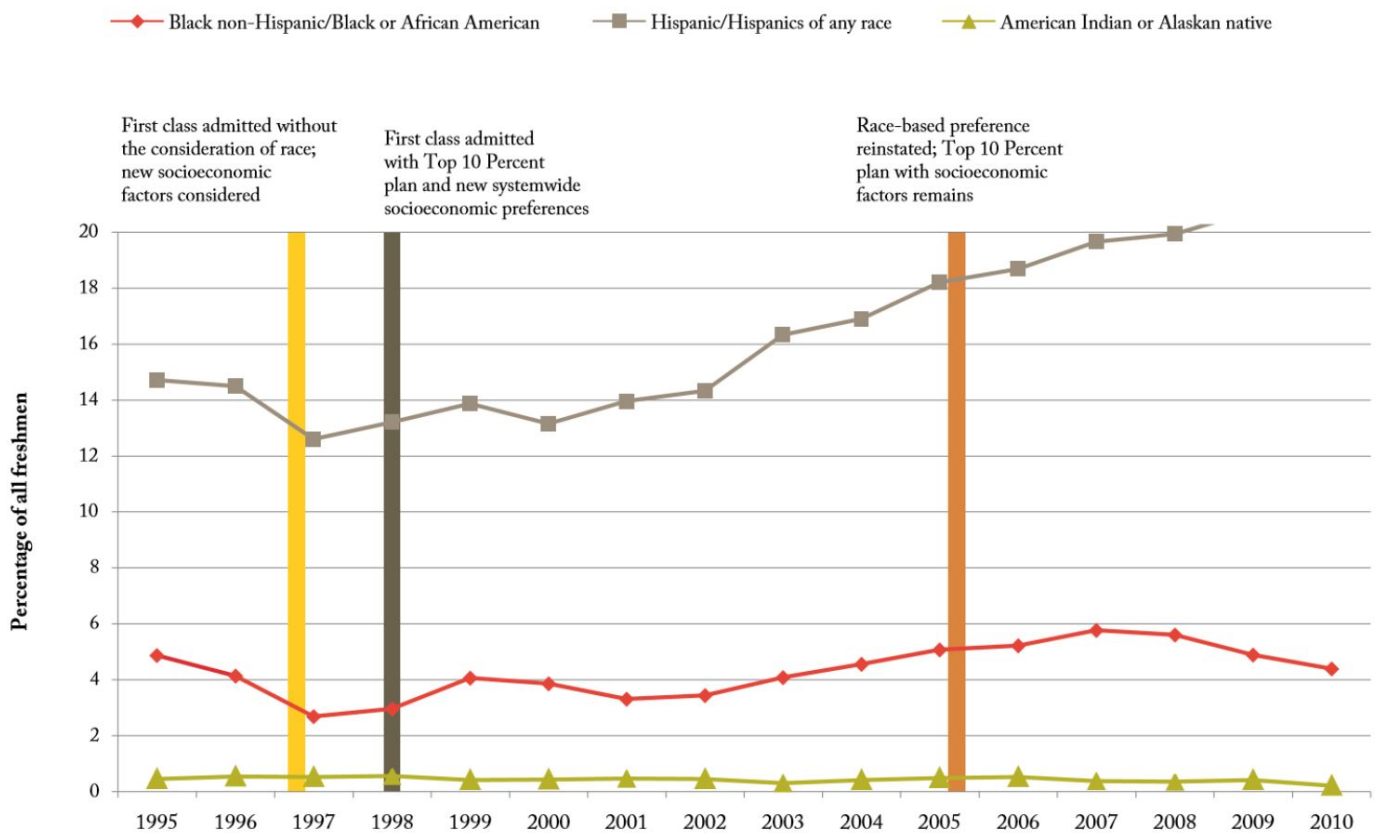
Texas

- Top 10% at each HS guaranteed admission to public u. of choice
- Considers factors such as SES, home language, and single-parent status

California

- Top 4% at each HS guaranteed to UC system
- Considers socioeconomic factors

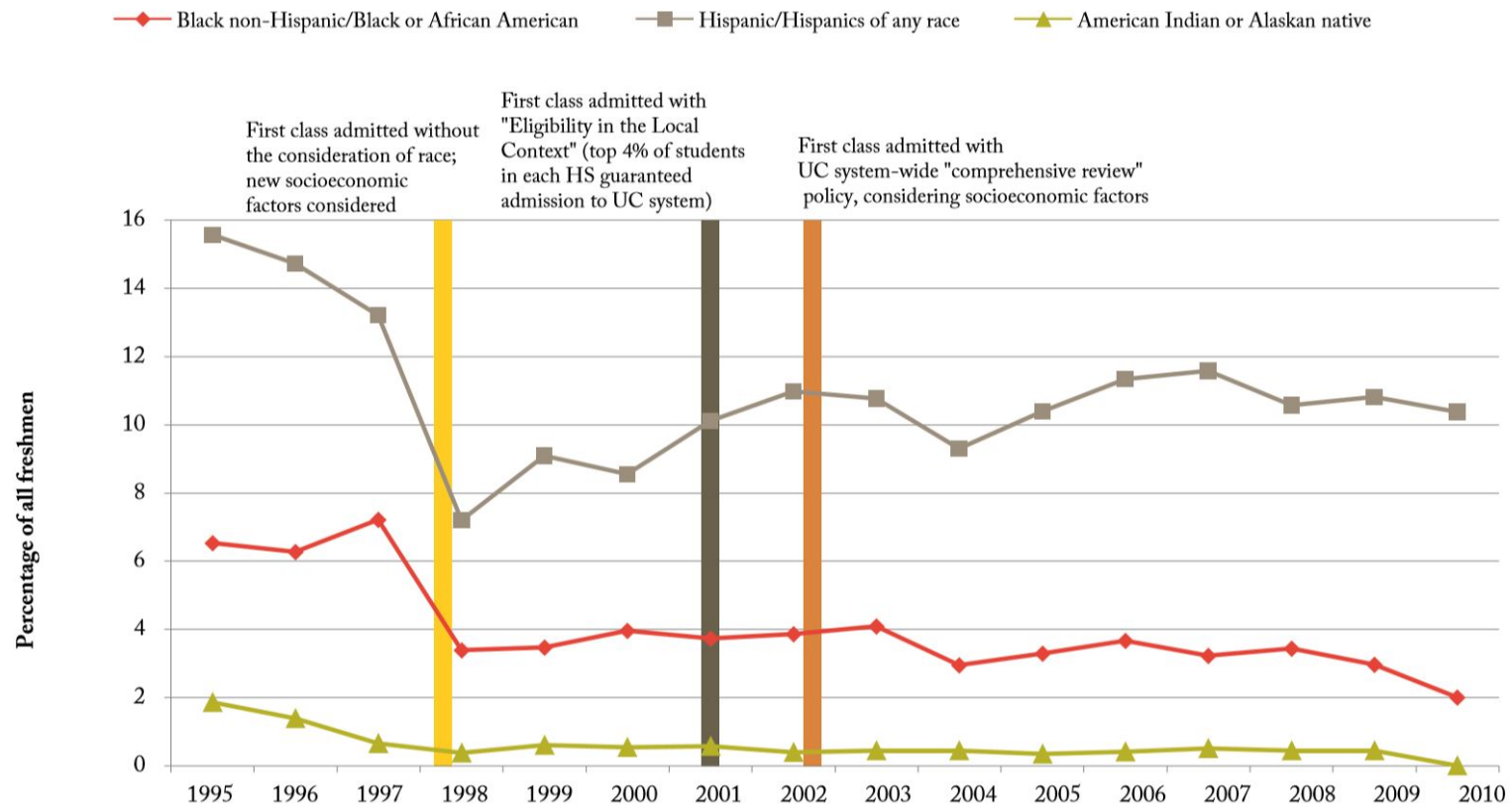
Figure TX-UT-1. University of Texas at Austin Fall Freshman Enrollment, by Race/Ethnicity



Note: For information on the data and their sources, see the end of this section.

Source: Kahlenberg (2012)

Figure CA-B-1. UC-Berkeley, Fall Freshman Enrollment, by Race/Ethnicity



Note: Race/ethnicity data on diplomas in California was not available for 1998. For more information on the data and their sources, see the end of this section

Source: Kahlenberg (2012)

Affirmative action

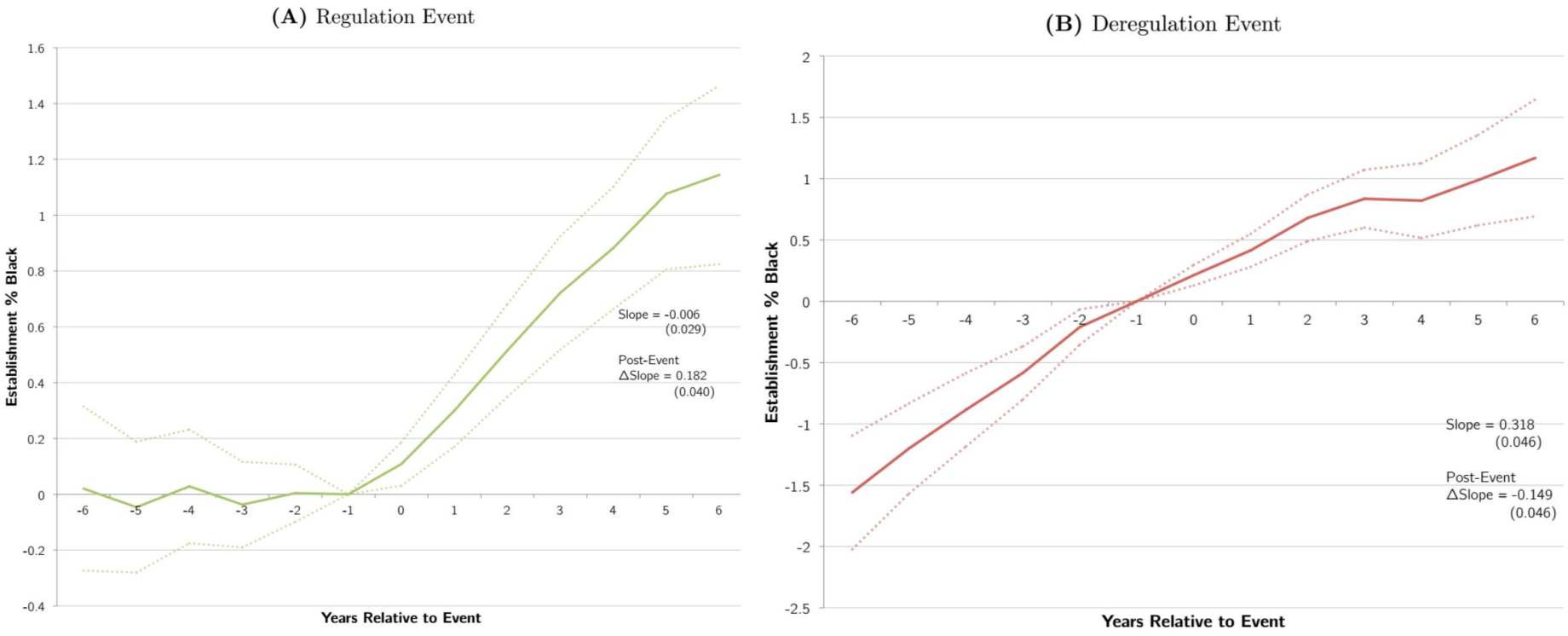
Miller (2015) – *The Persistent Effects of Temporary Affirmative Action*

- Firms with sizeable contracts or subcontracts with federal gov't must make "good faith" effort to employ minorities at rates (at least) proportional to their shares of the local and qualified workforce.

- Regulation is dynamic, only applying when gov't contracts in effect

- Miller exploits this to show that even after deregulation of a firm, minority share increases

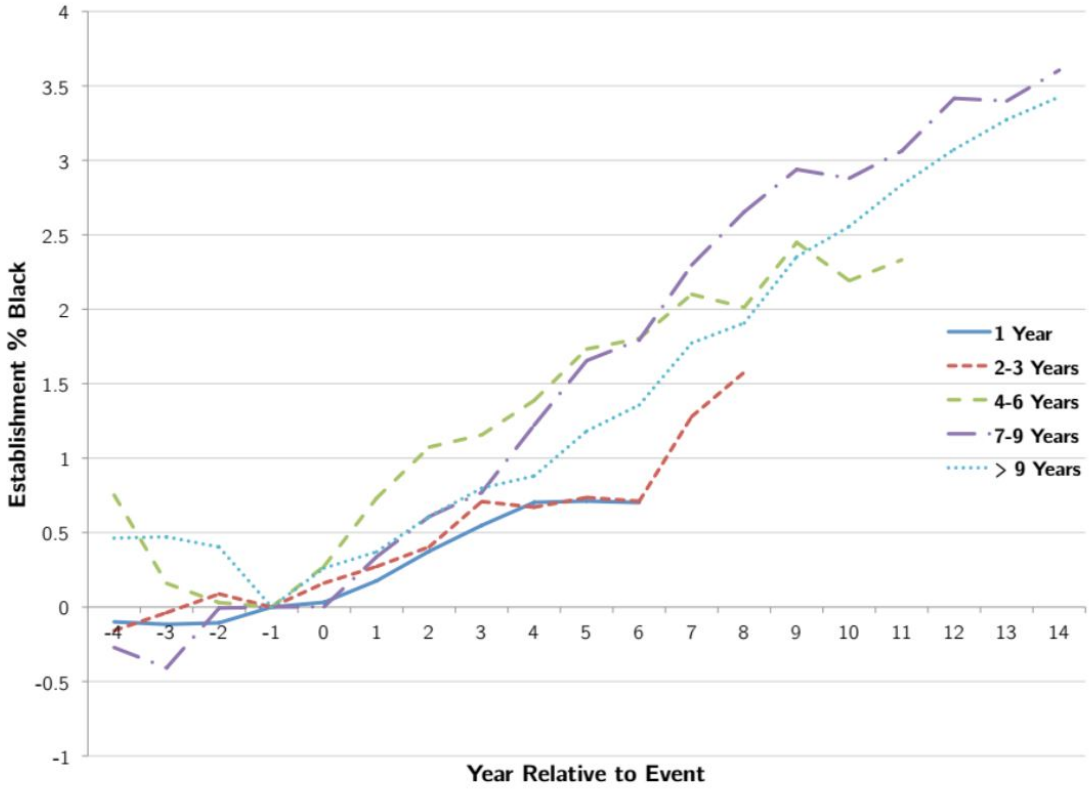
Figure 3: Regulation and Deregulation Event Studies



Notes: These figures plot event study coefficients and 95% confidence intervals (dotted) estimated using model (1) and the overlapping sample, where the outcome variable is the percent black of an establishment's employees. Panel A depicts the regulation event study; Panel B depicts the deregulation event study. The definitions of regulation and deregulation events are described in section 3.2. The coefficient for the year prior to the event (θ_{-1}) is normalized to zero. Estimated models include Census division by year fixed effects and a quadratic in log establishment size. Standard errors are clustered at the firm level.

Source: Miller (2015)

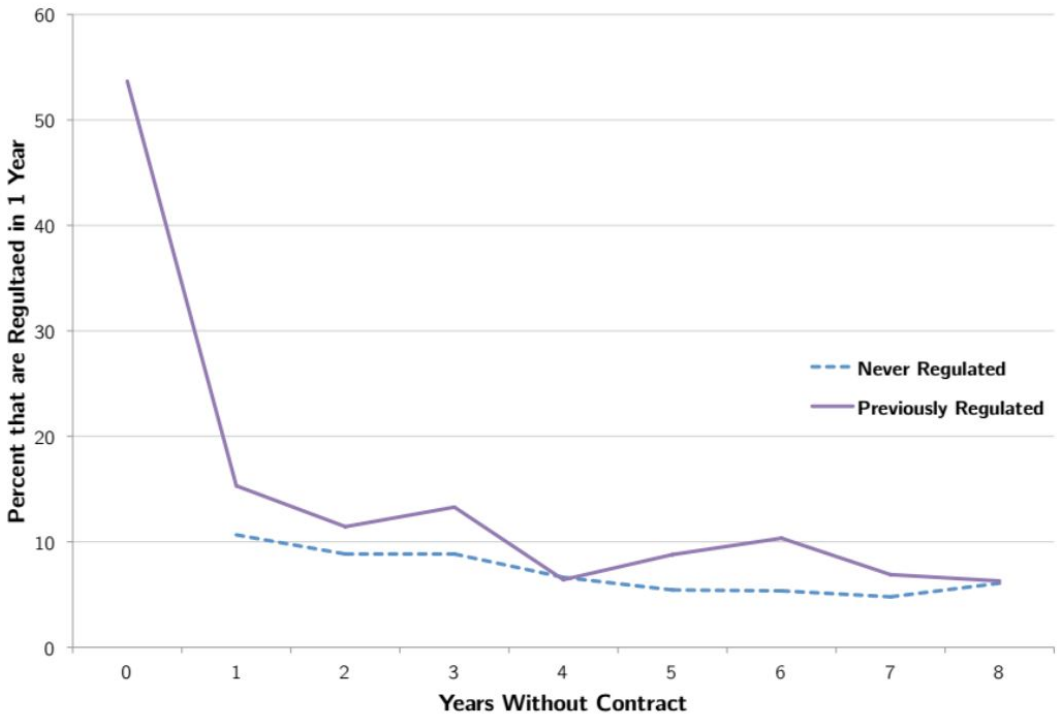
Figure 4: Regulation Event Study, by Duration



Notes: This figure plots event study coefficients and 95% confidence intervals (dotted) estimated using model 1 and the overlapping sample, where the outcome variable is the percent black of an establishment's employees. Each line depicts the event study estimates for a distinct group of eventual contractors, grouped by the number of years between their regulation and deregulation events. The definitions of regulation and deregulation events are described in section 3.2. The coefficient for the year prior to the event (θ_{-1}) is normalized to zero. Estimated models include Census division by year fixed effects and a quadratic in log establishment size. Standard errors are clustered at the firm level.

Source: Miller (2015)

Figure 5: Likelihood of Regulation Next Year



Notes: This figure plots the probability that an establishment acquires a future contract in some time period, conditional on the number of years since the establishment last held a contract or first appeared in the data. The vertical axis denotes the fraction of firms that acquire a federal contract in the next year. The likelihoods are computed using data from 1979 to 2003. The purple line depicts this likelihood for firms that have previously held a federal contract, but have not have held a contract for a given number of years, as marked on the horizontal axis. For the 0 value on the horizontal axis, the purple line denotes the fraction of current contractors that will be contractors in the given time period. The blue line depicts this likelihood for establishments that have never held a federal contract, and for these establishments the horizontal axis marks the number of years they've been observed in the data.

Source: Miller (2015)