

HarrisView

THE ANNUAL RESEARCH REPORT 2008

Holding Incumbents Accountable in
Local Elections *The Economics of Gay
and Lesbian Families* Conspicuous
Consumption and Race *Can the World
Ever Truly Abandon Nuclear Weapons?*
The Long View: Women and Welfare
after Prison *Can State Spending Increase
Economic Opportunity?* Drug Safety:
Risks and Benefits of Risk-Management
Plans *The End of Life: The Value of Life
and Terminal Care*



Table of Contents

A WORD FROM THE DEAN 1

POLICY BRIEFS

Holding Incumbents Accountable
in Local Elections 3

Christopher R. Berry and William G. Howell

The Economics of Gay and
Lesbian Families 6

Dan A. Black, Seth G. Sanders, and Lowell J. Taylor

Conspicuous Consumption
and Race 9

Kerwin Kofi Charles, Erik Hurst, and Nikolai Roussanov

Can the World Ever Truly Abandon
Nuclear Weapons? 12

Charles L. Glaser

The Long View: Women and
Welfare after Prison 15

Robert J. LaLonde and Kristin Butcher

Can State Spending Increase
Economic Opportunity? 18

Susan E. Mayer and Leonard Lopoo

Drug Safety: Risks and Benefits
of Risk-Management Plans 20

David O. Meltzer

The End of Life: The Value of Life
and Terminal Care 22

Tomas J. Philipson, Gary S. Becker, and Kevin M. Murphy

FACULTY RESEARCH

Child and Family Policy 24

Crime Policy 24

Education Policy 25

Health Policy 27

Labor and Employment Policy 28

Poverty and Inequality 29

Public Finance 32

Public Management, Governance,
and American Politics 32

Social Theory of Choice and Judgment 34

Honors and Awards 35

Faculty in the News 35

RESEARCH ACTIVITIES

Center for Human Potential and
Public Policy 37

Cultural Policy Center 38

Program on Political Institutions 39

Dissertations 39

Curriculum Notes 41

APPENDIX

About the Faculty 44

INDEX 47

Dear alumni and friends,

Harris School faculty continued their tradition of producing top-notch and timely research in 2007.



For more information, visit harrisschool.uchicago.edu

In this issue of *Research Report*, we feature work by **Tomas J. Philipson** on medical care for the terminally ill and the value of life at its end, **David O. Meltzer** on risk-management plans in the FDA drug approval process, and **Charles L. Glaser** on the case for small nuclear forces instead of disarmament. In addition it covers research by **Christopher R. Berry** and **William G. Howell** on school board incumbent job performance and elections, **Robert J. LaLonde** on incarcerated women and public welfare programs, **Kerwin Kofi Charles** on racial differences in household spending, **Dan A. Black** on the economics of gay and lesbian families, and lastly **my paper** on whether government spending increases economic opportunity for low-income children.

The *Report* also includes summaries of additional faculty research projects, research center activities, doctoral dissertations, curriculum notes, and media highlights. Further information on faculty, their ongoing projects, and more is available at harrisschool.uchicago.edu.

A handwritten signature in dark ink, which appears to read "SEM". The signature is fluid and cursive.

Susan E. Mayer
Professor & Dean

News stories on student test scores dropped from 45% of all newspaper articles in the run up to the 2000 school-board election to only 30% and 34% of articles before the 2002 and 2004 elections, respectively. Only 38% of heterosexual couples do not have children, while 77.9% of lesbian couples and 90.3% of gay couples have no children. Black households spend 17% less on education, 30% less on entertainment and 56% less on health care. The threat of nuclear weapons falling in terrorists' hands has created a new urgency, with disarmament seen as a means of slowing nuclear proliferation.

In a given day nearly 50,000 women, many of them mothers, are in U.S. jail or prisons. A 10% increase in government spending raises low-income adolescents' future earnings by 4%. Any barriers to care—such as allowing only expensive specialists to prescribe certain drugs thereby denying access to a low-income population—can be appropriately balanced by safety concerns through making decisions for each drug in its own specific clinical context. The concept in traditional economic models that the value of life decreases with longevity—since one expects to live fewer years (and has less hope of even greater longevity) as he or she ages—is biased in relation to terminal care.

Holding Incumbents Accountable in Local Elections

Retrospective voting—the theory that voters weigh a politician’s job performance when deciding whom to elect—has been well documented in federal- and state-level elections where voters tend to use economic conditions as a measure of an incumbent candidate’s job success (or failure). But with nearly 500,000 local seats to fill, more than half of which are single-function offices with little impact on the economy, few studies have explained how voters evaluate local incumbents and if they are rewarded for a job well done.

In their paper, “Accountability and Local Elections: Rethinking Retrospective Voting” published in the August 2007 issue of the *Journal of Politics*, Assistant Professor Christopher R. Berry and Associate Professor William G. Howell examine school boards—one of the country’s most common local, single-jurisdiction offices—to determine if voters hold board members accountable for their schools’ performance.

Berry and Howell focus their study on South Carolina, which in 1999 introduced a statewide, standardized student achievement exam, Palmetto Achievement Challenge Tests (PACT), and is the only state to centrally collect precinct-level election data for school-board elections.

The authors find that voters do evaluate test scores in considering whether to re-elect incumbents. But many factors, especially the level of media coverage related to measuring student achievement—such as problems with exams or the broader issue of state and national accountability systems—greatly influence voters’ decisions on Election Day.

Study Design

Berry and Howell utilize precinct-level election results for South Carolina’s school-board races in 2000, 2002, and 2004. Over these three electoral calendars, they focus on a total of 499 races where incumbents were running competitive re-election bids. From these returns, the authors calculate the percentage of votes for each incumbent resulting in a “unique incumbent-by-precinct combinations.”

For student academic achievement information, the authors use PACT data, which measures students’ reading and math proficiency in grades 3 through 8 across the state. Berry and Howell average reading and math scores to calculate three composite scores—one for each school, one for each election precinct, and one for each school district. The first indicates performance by school, the second performance by election precincts, and the third performance by school districts.

Media coverage is another key piece of information the authors use to understand voter decisions. In an effort to determine the number of newspaper articles devoted to student

achievement prior to an election, the authors reviewed the three major newspapers in the state as well as the Associated Press State and Local Wire, which serves many other South Carolina newspapers.

Election Day

Berry and Howell find significant evidence that in 2000 voters evaluated school-board members on student achievement trends. Of the 67 incumbents running, 50 were re-elected with a median of 58% of the vote. The authors also determine that in this election, citizens cared more about school test scores at the precinct level than at a district level. Voters judged incumbents on the changes in academic test scores and—similar to federal- and state-level elections—did consider economic trends as they rewarded incumbents for increases in school spending.

Election results in 2002 and 2004, however, present a different story; any indication of retrospective voting present in 2000 disappeared. This is especially interesting since precinct- and district-level test scores actually fell slightly in both 2002 and 2004. Also, little evidence suggests that voters penalized incumbent board members for economic factors in these years, such as higher property taxes in 2002.

Although voters do not always hold incumbents accountable, the authors find that school-board members do consider retrospective voters when deciding to run for another term. If student performance in a member's district has declined, an incumbent may decide not to run—out of concern that citizens will hold him or her responsible for declining schools—rather than risk a political loss.

What Influences Voters' Decisions?

Berry and Howell infer the school-board election results demonstrate that—like national elections—retrospective voting occurs at local levels.

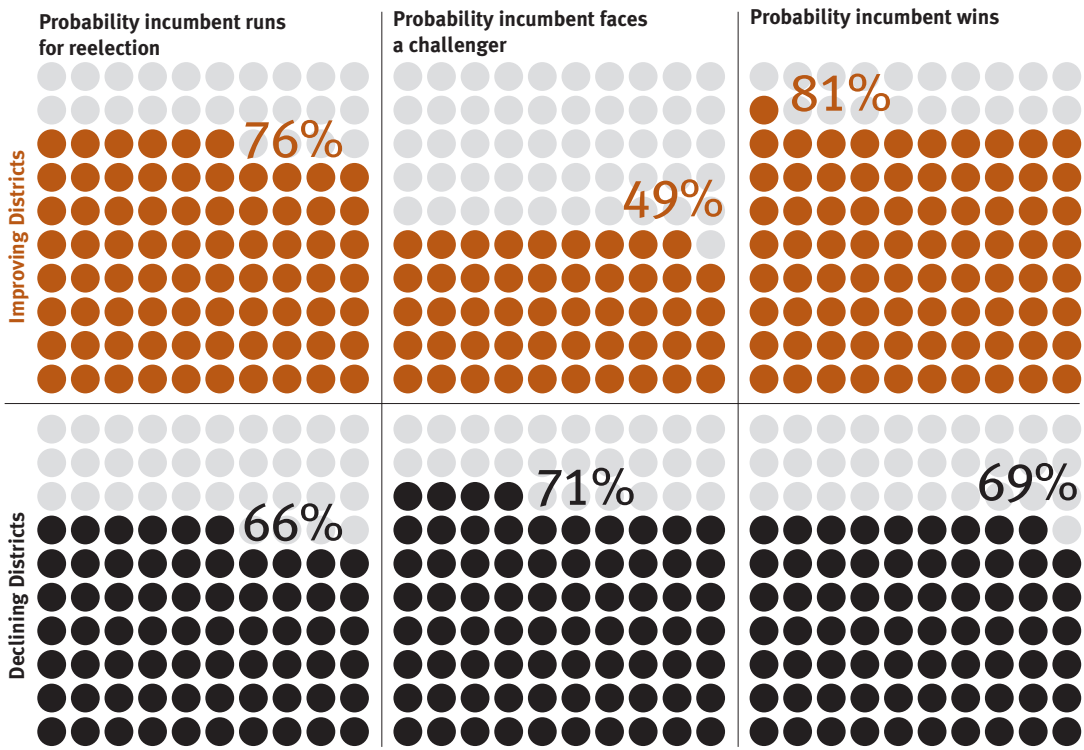
But instead of solely using economic factors to decide on an incumbent's re-electability, voters will occasionally use student achievement results.

But why did such an effect fade following 2000? The authors highlight the importance of media coverage—one major source of voter information. Berry and Howell examine South Carolina's newspapers and find significant reporting in the two months before each school-board election. News stories covered the state's passage of required student testing and other issues connected to student learning trends, including articles on candidates identifying general student achievement as key to their campaigns and editorials endorsing those candidates considering ways to improve student achievement.

News stories on student test scores dropped from 45% of all newspaper articles in the run up to the 2000 school-board election to only 30% and 34% of articles before the 2002 and 2004 elections, respectively. Additionally, the tone of the coverage changed from relatively neutral (2000) to more skeptical (2002, 2004) of PACT scoring and both state and national school accountability systems. Berry and Howell believe this combination of declining media coverage and increased negativity helps explain the later results. Student achievement was probably not a priority for candidates and voters must have judged incumbents on other factors.

The authors note one other possible, but far smaller, influence on the elections. Besides receiving information from media, citizens also get information from “unmediated sources,” such as their children's educational experiences or news from conversations with friends. In addition, beginning in 1999 schools sent home PACT score reports to parents but changed the report format in 2001 from a listing of students' raw test scores to a simplified rating for each school. The authors suggest that these reports may have had a greater influence on voters in the 2000 elections since they included more data

Figure 1: Election 2000 Outcomes in Districts with Improving and Declining Test Scores



on student achievement. When these reports became less useful, voters may have based their decisions on different issues.

Policy Implications

The findings from this study raise important questions about retrospective voting models—most often used to study national- and state-level elections—and the generalizations made from their results. While national races are undoubtedly important, they occur in a much different environment than the hundreds of thousands of local elections across the country. Local races are often nonpartisan and take place in single-function jurisdictions with little campaign spending and uneven media coverage. Berry and Howell urge future research in order to better understand the conditions and scope of retrospective voting models in a local environment, the frameworks of different jurisdictions,

and how the availability of information on an incumbent’s job performance affects voters’ election decisions.

Christopher R. Berry, PhD, assistant professor, focuses on the political economy of American local government, education policy, and economic development. He is currently engaged in several projects examining how the political organization of state and local government influences fiscal policy and economic performance.

William G. Howell, PhD, associate professor and director of the Program on Political Institutions, has written widely on separation-of-powers issues and American political institutions, especially the presidency. His recent research examines how domestic political institutions constrain the president’s ability to exercise military force abroad. Howell is coauthor (with Jon Pevehouse) of *While Dangers Gather: Congressional Checks on Presidential War Powers*.

THE ECONOMICS OF GAY AND LESBIAN FAMILIES

Past studies on the economics of families have usually excluded significant discussion about gay and lesbian families—not too surprising considering a systematic data collection method on these households did not exist. While a lack of data is still a problem, a number of useful sources have been developed to collect these needed statistics.

In their paper, “The Economics of Lesbian and Gay Families,” published in the *Journal of Economic Perspectives* (Spring 2007), Professor Dan A. Black, Seth G. Sanders (University of Maryland), and Lowell J. Taylor (Carnegie Mellon University) examine some of the available data and find that decision making within gay- and lesbian-headed families is often interwoven with economics. This study reinforces a theme seen in studies of other American families, but also shows how the social and biological constraints—particularly related to adopting or having children—that gay and lesbian couples face affect the decisions made within their families.

Study Design

Black et al. primarily analyze data from the 2000 Census. Starting in 1990, the Census Bureau allowed households to report unmarried partners, regardless of their sex. Using this data allows for a sizable sample of same-sex households and enables a comparison with heterosexual couples. The authors also use data from surveys, including the ongoing General Social

Survey (GSS) conducted by NORC (formerly the National Opinion Research Center). The GSS has tracked social changes in the United States since 1982 and began collecting information on respondents’ sexual partners during 1989–91. Because the GSS gathers data on many of the same key dimensions as the Census data, it serves as a good comparison.

Children and Geographic Location

Children are a key link between family life and work life. The decision to raise children influences many other choices couples make, often redirecting financial resources and focusing time away from work. Black et al. determine that the influence of children is no different for gay and lesbian families. They find that gays and lesbians have fewer children than heterosexual couples, and the vast majority of these children live with a biological parent. Only 38% of heterosexual couples do not have children, while 77.9% of lesbian couples and 90.3% of gay couples have no children. One reason for fewer children—besides obvious biological hurdles—is that gay and lesbian couples who want, and are legally

Figure 2: Labor Market Outcomes for Partnered Men and Women Aged 25 to 60

	Gay Male Partners	Lesbian Partners	Heterosexual Couples	
			Male	Female
Hourly Wage				
High school educated	\$14.21	\$13.43	\$16.30	\$11.83
College educated	26.87	22.81	32.26	22.00
All	20.86	18.58	21.80	15.55
Earned Income				
High school educated	\$22,106	\$18,546	\$31,000	\$13,121
College educated	56,898	45,169	71,601	31,258
All	39,528	31,804	43,600	18,851
Labor Supplied				
Percentage who work	83.5	82.7	85.5	67.5
Weeks worked per year	41.3	40.6	43.7	32.8
Hours worked per week	37.3	35.9	40.6	27.3
Mean Percent Female in Occupation				
	47.0%	54.8%	38.7%	60.1%
N	15,098	15,754	2,971,440	2,971,440

Sources: Authors' calculations and the Public Use Micro Sample of the 2000 Decennial Census.

Notes: If a member of a couple has age or sex imputed, that couple was not included in the sample. No couples were included if a member had a reported age younger than 18. Gay and lesbian households are same-sex couples in which neither partner has an imputed marital status. Heterosexual couples include married couples (limited to couples in which one of the members of the couple is the head of household) and heterosexual partners. Data are reweighted so that the distribution of ages matches the aggregate distribution for same-sex couples.

allowed, to adopt face greater discrimination, resulting in higher adoption costs and more time and effort to overcome barriers.

In previous research, the authors (along with Gary J. Gates of UCLA School of Law) discovered that lesbian couples are more likely than gay men to have children and, as a result, less likely to settle in expensive, urban areas. In the current paper, Black et al. find that more gay male couples live in upscale cities—including San Francisco, Washington, Austin, Los Angeles, New York, and Seattle—than heterosexual couples. They argue that because many gay men do not have children, they have more disposable income, and part of that income appears to be spent living in expensive, high-amenity urban locations.

Family Models and Effects on Labor and Income

Social scientists have theorized that the expectation of raising children is one reason heterosexual couples develop gender-specific roles in families. These designations are the primary cause for gender-based patterns of human capital investment. Although gender roles have changed over the past few decades, in the majority of heterosexual families the woman is the stay-at-home partner. In general, the authors determine that gay and lesbian couples are more likely to have a stay-at-home partner if they have children. For any couple, regardless of sexual orientation, the partner who stays at home usually has completed fewer years of formal education. In households where both partners

are employed, one person—usually the male in a heterosexual couple—works longer hours and makes more money.

People currently in lesbian and gay relationships are better educated than similar heterosexual couples. Lesbians earn higher wages and have a greater labor force attachment—they spend more time in the workforce—than their heterosexual counterparts. Black et al. believe that lesbians are likely to make career-oriented decisions—such as earning higher academic degrees or working longer hours—differently than if they were planning on living in a “traditional gender-based household.” These choices result in higher earnings than heterosexual women.

The same theory for job earnings and labor market decisions could be applied to gay men, but here with the opposite result as for lesbians. These men recognize early in life that they will not have to support a family and can focus less on their career and make less money than their heterosexual counterparts. However, this theory can not account for the high level of education among gay men. The authors suggest the possibility of college campuses as good places to meet other gay men and the lower chance of having family responsibilities as young adults as possible explanations.

Policy Implications

By analyzing spending patterns and economic decision making, Black et al. determine that gays and lesbians are not innately different from heterosexuals, but that biological and social constraints affect many of their decisions. Choosing to have or not have children influences housing locations, family models, and decisions around work. The authors also indicate that greater availability of data on gay- and lesbian-headed households will open the door to a wide range of further research. Some future topics to study include: whether children of gay and lesbian parents differ in key developmental outcomes from those of heterosexual parents; how public policies on same-sex civil unions and marriage affect the stability of gay and lesbian families; and the cause of hostile feelings towards gays and lesbians and how these feelings change over time and differ across societies.

Dan A. Black, PhD, professor, focuses on labor economics and applied econometrics and is the author of over sixty papers and two books. He is a senior fellow at NORC and serves as the principal investigator for the 1997 Cohort of the National Longitudinal Survey of Youth.

Seth G. Sanders, PhD, director, Maryland Population Research Center and professor, Department of Economics, University of Maryland

Lowell J. Taylor, PhD, Professor of Economics and Public Policy, Heinz School, Carnegie Mellon University

CONSPICUOUS CONSUMPTION AND RACE

In his famous 1899 study of consumption in the Gilded Age, Thorstein Veblen speculated that for some, “consumption is evidence of wealth, and thus becomes honorific, and... failure to consume a mark of demerit.” He would dub this spending “conspicuous consumption,” and in a country built on thrift and sacrifice, it quickly became a pejorative.

Prompted by Veblen’s insights and the strong correlation between race and economic status, Kerwin Kofi Charles, the Steans Family Professor in Education Policy, and colleagues Erik Hurst (University of Chicago) and Nikolai Roussanov (University of Pennsylvania) examine racial differences in spending—specifically conspicuous consumption—in their working paper, “Conspicuous Consumption and Race.” They find that blacks spend considerably more than whites on visible goods—clothing, jewelry, and cars—often sacrificing investments in education, health care, and other less tangible items.

Study Design

To determine the amount of money spent by different ethnic groups, the authors use data from the Consumer Expenditure Survey. Collected by the U.S. Department of Labor through a series of regular interviews, the survey has detailed information on expenditures. Specifically, the authors examine data from 1986 to 2002, which comprises 48,758 households.

The authors compare that data with income information from the Current Population Survey (CPS). And in order to concretely determine which items can be considered “visible goods” and linked to economically prosperous people, Charles et al. surveyed graduate students from the Harris School and the University of Chicago’s Graduate School of Business to identify common perceptions.

Consumption Versus Investment

The authors show that on average blacks spend about 30% more, equal to about \$2,300, on visible goods than whites, after accounting for differences in lifetime income. Given the average black income, these amounts are significant. Their expenditures included clothing, jewelry, and vehicles, as well as tobacco products, furniture, alcohol, and personal care expenditures.

Over the 16 years examined, these differences are evident across all subgroups (age, education, income, marital status). For example, single

black men consume 32% more on visible goods than single white men. Education reduces this difference, but does not eliminate it. Black households headed by a high school graduate spend 38% more on visible goods and those headed by a college (or higher) graduate, 28% more than a comparable white household. After age 50, this gap begins to narrow more significantly, but does not disappear. Black heads of household between age 50 and 69 consume only 22% more visible goods than comparable whites.

The next logical question is, what are these households sacrificing to spend more conspicuously? Aside from housing, black households spend less than similar white households on all other consumption categories. For example, black households spend 17% less on education, approximately 50% less on entertainment, and

56% less on health care. They spend slightly less than white households on food as well.

Why More Conspicuous Spending?

Charles and his coauthors tested several possible theories for why blacks spend more on visible items than whites. Some have argued, for example, that such spending is a racial preference, although Charles and coauthors find little evidence of this. Rather, they find that black households use spending as an expression of status. Particularly in the United States, status is conferred on an individual based on how his or her income compares (or is thought to compare) to the average income of the group. Intuitively, then, the richer the group is on average, the less an individual gains by spending conspicuously. Indeed, the authors find in their sample that as

Figure 3: Mean Expenditure (in 2005 Dollars) by Race

	All	White	Black	Hispanic
Visible expenditures	1,671	1,801	1,256	1,317
Shelter expenditures	2,492	2,670	1,826	2,145
Food expenditures	1,659	1,733	1,294	1,630
Utility expenditures	742	757	732	646
Vehicle service expenditures	796	874	576	542
Other transportation expenditures	669	715	498	575
Entertainment service expenditures	576	665	291	331
Health expenditures	412	464	245	274
Home furnishing expenditures	311	348	186	221
Education expenditures	253	288	170	121
Entertainment durable expenditures	248	290	110	140
Alcohol/tobacco expenditures	213	243	123	124
Other expenditures	647	736	403	354
Sample size	48,758	36,706	6,760	5,292

For each consumption category, the first row shows the average spending per quarter in that category (in 2005 dollars), the second row shows the fraction of households with positive spending in the consumption category, and the third row shows the share of expenditures in the consumption category out of total expenditures. Columns 1–4, respectively, show the relevant statistics for the total population, a sample with white heads, a sample with black heads, and a sample with Hispanic heads.

incomes rise, household visible spending declines, and vice versa: the lower the income, the more spent on more visible items. Likewise, in communities with wealth disparities households spend more conspicuously as their incomes decline. That is, those with the lowest income are the most conspicuous spenders. Interestingly, separate analysis of white households finds the same results.

Policy Implications

Given these findings on race and class spending differences, the authors argue that policymakers should consider providing government support in means other than direct cash. Providing less-tangible assistance—including education or health insurance—to low-income families of all races may result in a more beneficial outcome. The authors note that the findings also suggest potential differences among race in other types of financial behavior that go beyond consumption, such as attitudes toward risks. This could have implications for gambling behavior or

underdiversification of investment portfolios. Additionally, the authors note many areas for future research, including which types of conspicuous consumption matter in certain situations and the evaluation of social programs through an understanding of status seeking activities.

Kerwin Kofi Charles, PhD, the Steans Family Professor in Education Policy and research associate at the National Bureau of Economic Research, focuses on a range of subjects in the broad area of empirical labor economics.

Erik Hurst, PhD, Professor of Economics and Neubauer Family Faculty Fellow, Graduate School of Business, University of Chicago

Nikolai Roussanov, Assistant Professor of Finance, Wharton School, University of Pennsylvania; PhD student, Graduate School of Business, University of Chicago

Kerwin Kofi Charles, Erik Hurst, and Nikolai Roussanov, "Conspicuous Consumption and Race," National Bureau of Economic Research Working Paper 13392 (2007), www.nber.org/papers/w13392.

The authors exclude housing because of racial differences in housing access.

Can the World Ever Truly Abandon Nuclear Weapons?

There was a time not long ago when the nuclear arms race, although still a game of high stakes poker, was decidedly less complex. When the United States and the Soviet Union were the only players at the table, the game of deterrence was more predictable. But as others joined the game—Iran, North Korea, and Pakistan to name a few—the stakes were raised at the same time pressures to disarm increased.

In his recent paper, “Instability of Small Numbers Revisited: Prospects for Disarmament and Nonproliferation,” Charles L. Glaser, the Emmett Dedmon Professor in Public Policy, examines the case for nuclear disarmament in a new geopolitical field, investigating whether the barriers to disarmament are now lower and whether the incentives are greater than in the past. He concludes that, although disarmament has great intuitive appeal, maintaining a small nuclear force may be preferable to total disarmament.

Deterrence in a Post-Cold War Era

Security in today’s geopolitical world is difficult to guarantee. By the logic of Cold War politics, having nuclear weapons provided a form of security—the superpowers deterred each other with large forces that kept the arms race in check. When relations between the superpowers thawed, the nations began to consider how many weapons they still needed to feel safe. Some experts revisited the age-old question of disarmament. Lately, the threat of nuclear weapons falling into terrorists’ hands has created new urgency, with disarmament seen as a means of slowing nuclear proliferation.

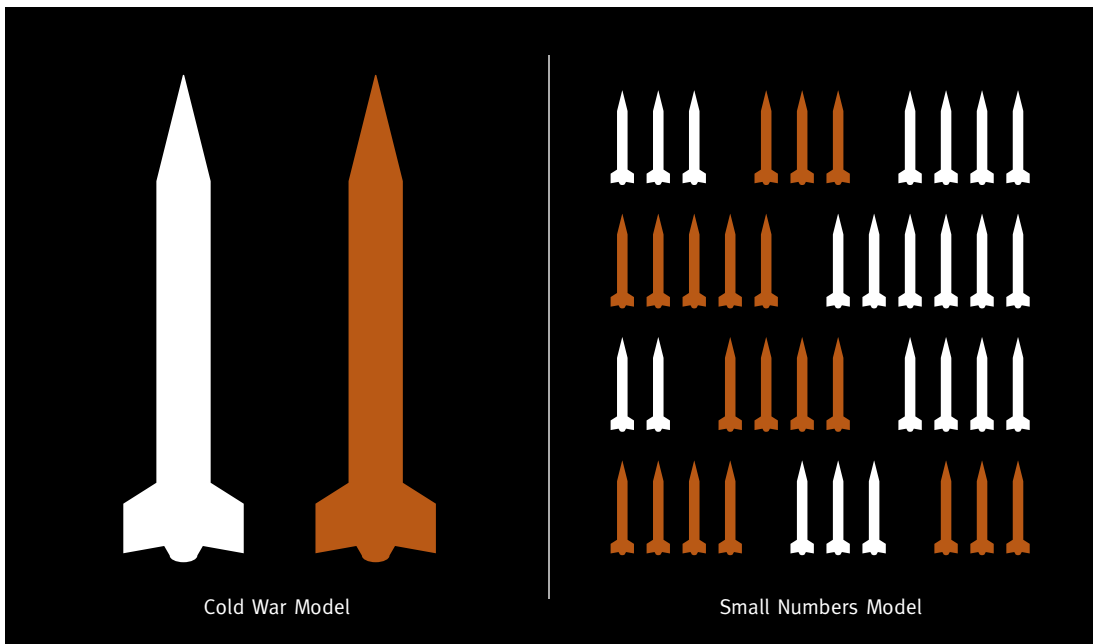
But disarming and eliminating all weapons is a dicey game of trust and every country

must worry about others who might cheat. Glaser argues that a state that agreed to disarm completely could be in trouble if suddenly faced with an adversary with even one nuclear weapon. Further, even if all states disarmed, what would happen if political relations suddenly soured and one side quickly rearmed? If a state was unprepared, it could easily find itself at a sizable disadvantage.

Many nations are still too insecure to feel comfortable with total disarmament. Since the Cold War ended, the international political landscape has changed. New players have entered the game and the dynamics between old players are continuing to evolve. Although U.S.-Russia relations have thawed they still are not warm enough, and potential conflict with China (most concretely over Taiwan) makes disarmament unrealistic. And, ironically, a unipolar world with the United States on top makes disarmament less likely: countries like Iran or North Korea now feel the need to arm themselves rather than rely on Russia as a counterbalance to the United States.

In response to these and related dilemmas, Glaser discusses several proposed solutions, including the role of strategic defense systems against nuclear weapons, an international nuclear force, and radically improved political

Figure 4: Nuclear Force Models



relations. However, he points out that each has shortcomings. For example, a state that achieved an advantage in strategic defense capabilities would, in effect, have improved its ability to rearm. An adversary would then have to be able to rebuild more quickly than its opponent (the United States, for example) to hold its own in a rearmament race. While an international nuclear force could in theory be an effective solution, it would only be politically feasible if countries already completely trusted one another. Otherwise, fears about control of the international force would make the states unwilling to rely on the international authority to maintain their security. The third solution—radically improving political relations—confuses the problem with its solution. True, if relations improved to the point that the nuclear powers were confident that war would never occur, then they would be willing to give up their nuclear weapons. But in this case nuclear weapons do not pose a danger for these states, and they

would still need to worry about non-nuclear states eventually acquiring nuclear weapons.

A Case for Moving to Small Numbers

There is little reason to believe that global political relations will ever meet the demanding standards required for disarmament, and therefore states will be unwilling to enter into such a risky agreement.

According to Glaser, moving to small nuclear arsenals is both more feasible and more desirable. Small arsenals provide a valuable hedge against the dangers of disarmament. If a state has some nuclear weapons that could survive an enemy attack it will be less threatened by the possibility of others' hidden weapons and by disadvantages in and uncertainties about nuclear rearmament. Once nuclear forces are sufficiently small, an all-out war would be significantly less damaging than if fought with today's large stockpiles. Further, political relations among leading nations are now good enough that

arguments for very large forces are less compelling, making the potential risks of smaller nuclear forces more acceptable.

However, these smaller forces are not free from problems or risks. In contrast to small arsenals, large forces protect against a preemptive first strike. If the arsenal is large enough—even if a portion of the weapons are destroyed—the country will have enough remaining firepower for a massive response. But with smaller forces, a first strike could wipe out the entire stockpile, or at least significantly reduce its retaliatory capability. To prevent such crisis instability, countries would have to adopt strict planning criteria that guaranteed that their nuclear forces were highly survivable.

Although modest compared with disarmament, moving to small forces is still a highly ambitious goal. It would involve radical changes in nuclear states' force structure, strategic doctrine, and operations. The nuclear powers would have to agree on the size of radically reduced forces and on how to monitor the arms agreement with high confidence. In addition, there would have to be global agreement on which states would be allowed to keep nuclear weapons.

Glaser argues that even faced with these important questions, the move to smaller nuclear arsenals would be more advantageous—and thus likely more feasible and ultimately more stable—than total disarmament. The large redundant forces that the United States built during the Cold War resulted from the combination of extremely cautious, worst-case analyses with a flawed understanding of the nuclear revolution. It can be argued that such risk-averse analysis was warranted given the chilly relations with the Soviet Union. However, relations today with Russia and China are much better, creating the opportunity for less risk-averse, although still prudent, nuclear planning—which points to a smaller nuclear force, rather than no force at all.

Charles L. Glaser, PhD, the Emmett Dedmon Professor in Public Policy and deputy dean, focuses on international relations, especially issues of international security and defense policy. His current policy-oriented research examines U.S. nuclear strategy and forces, including whether the United States should maintain options to preemptively attack rogue-state nuclear forces, deploy national missile defenses, and move toward nuclear disarmament.

THE LONG VIEW: WOMEN AND WELFARE AFTER PRISON

On any given day, nearly 150,000 women, many of them mothers, are in U.S. jails or prisons. These women and their children are some of the most economically vulnerable families in the country. A prison sentence only serves to exacerbate this vulnerability, making it harder to find a job and to reconnect with society.

However, as Professor Robert J. LaLonde and Kristin Butcher (Wellesley College) find in “Female Offenders Use of Social Welfare Programs Before and After Jail and Prison: Does Prison Cause Welfare Discrepancy?” a portion of their ongoing study of incarcerated women, a prison sentence does not necessarily increase use of public welfare programs—a key indicator of vulnerability. This finding runs counter to prior studies, which show a decided increase in the use of welfare programs after a stint in prison. Much of this previous research, however, compares welfare use immediately prior to a prison sentence and immediately after. This short-term lens distorts the picture mainly because before entering prison, many women have spiraled downward to the point of severing contact with welfare offices and other supports. Therefore, their welfare use after prison is bound to look high in comparison.

Study Design

To better understand the ties between incarceration and use of social welfare programs, LaLonde

and Butcher examine the histories of more than 50,000 female offenders from Cook County, Illinois (Chicago and surrounding suburbs), which includes one county jail and three state prisons. The histories include their use of cash welfare (Temporary Assistance for Needy Families [TANF]), food stamps, foster care, and Medicaid. The authors use a unique data set that allows them to follow women three years before and after time served in jail and prison, a much longer lens than past studies have allowed. The women were incarcerated between 1990 and 2001, a period which includes the major change in welfare policies under the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA).

Vulnerable Women

The women included in the study were extremely disadvantaged, as are most women with histories of incarceration. A large share were high school dropouts, nearly one-half had received TANF, and nearly 60% had received food stamps. They had, on average, two children, and 13% had

children in the foster care system between 1975 and 2000. The women were in prison for nine months on average, mainly for drug offenses. Those who were in jail—usually for only a few days following an arrest—were slightly better off than the women in prison, although they were still largely disadvantaged.

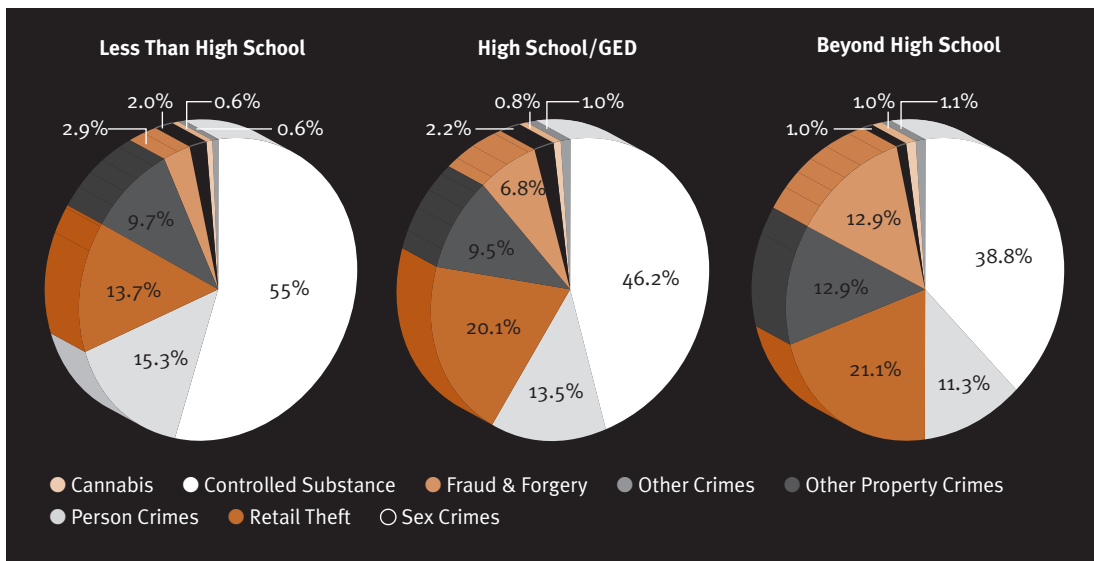
Prison Not Tied to Higher Welfare Use

The authors find that one year before going to prison, 40% of the women were receiving welfare (either TANF, Medicaid, or food stamps). The rates began declining leading up to their prison stay and dropped most sharply in the month immediately prior to their imprisonment, when only 10% were still receiving welfare. Those entering jail were slightly more likely to receive welfare in the months prior to their jail term, but the overall sudden dip was still evident.

After leaving prison, women’s welfare receipt rates start low and rise gradually for six months, returning to the levels observed one year prior to entering prison. However, over the longer term (two years), rates of welfare receipt appear to be approximately 5 to 7 percentage points below pre-prison levels.

The authors also investigate whether certain characteristics affect welfare use. They find, for example, that those serving longer prison sentences were no more likely to use welfare after prison than those with shorter spells, even after controlling for education, race, and many other factors that can increase the risk of poverty and welfare use. Women with a drug conviction were 3 to 7 percentage points less likely to use welfare after prison, which initially is not surprising given PRWORA’s ban on TANF for drug offenders. However, drug offenders who left prison *prior* to PRWORA also were less likely

Figure 5: Committing Offenses by Education Level for IDOC Female Inmates from Cook County, Illinois: 1993–2002



Source: Excerpted from Appendix Table A. Calculations by Butcher and LaLonde (2007), based on data provided by CCDOC and IDOC. The figures shown are not official statistics of CCDOC or IDOC.

to use cash assistance after their release. This suggests that the welfare ban for drug offenders was not the reason for the decline. Moreover, food stamp receipt, which was not banned by PRWORA, declined as well among drug offenders, further suggesting that policy bans are not driving these changes.

Paradoxically, those with less schooling are less likely to receive welfare after prison. In other words, prison is associated with increased welfare dependency only among the most educated former prisoners. Having children in foster care is associated with sharp declines in welfare use after prison, but these declines are also evident among women with very short (less than a week) jail sentences, considered comparable to low-income, nonincarcerated mothers in general. Therefore, prison itself appears not to be contributing to this sharp decline. However, more research is needed to confirm this currently tentative association.

Long-Term Perspective Necessary for the Full Picture

On the surface, one would expect that a prison sentence might increase women's welfare dependency. A prison record, after all, makes it

difficult to land a job and become self-sufficient. Past research, in fact, supports this notion. But unlike previous studies, LaLonde and Butcher's findings show that women who go to prison have higher rates of welfare receipt than similar women before or after prison, and women's welfare receipt drops dramatically in the months just prior to entering prison. Thus, a simple pre- and post-prison comparison will inflate the impact of prison on welfare receipt. As LaLonde and Butcher find, over the longer term, having a prison record is associated with a decline in welfare receipt of about 15% below expected levels, based on the women's prior welfare receipt histories.

Robert J. LaLonde, PhD, professor, specializes in a wide variety of workforce development issues, including the effectiveness of worker training programs and the effects of immigration on the labor force. LaLonde is leading research examining women in Illinois prisons and their children, and the employment prospects of young men after they are paroled from prison.

Kristin Butcher, PhD, associate professor of economics, Wellesley College

The administrative data set compiles records from the Illinois Department of Corrections, the Cook County Department of Corrections, the Illinois Department of Human Services (TANF, Medicaid, food stamps) and the Illinois Department of Children and Family Services (foster care). A woman's prison record is matched with her public welfare records to construct a "life history" of prison and welfare use.

Because there was a sharp dropoff nationally and among the women in this sample due to welfare reform in 1996, the authors control for this timing by including dummy variables for the year and month of the observation.

Can State Spending Increase Economic Opportunity?

All people may be created equal, but their futures are often a combination of luck, hard work, and their parents' socioeconomic status. Although Horatio Alger tales fuel the American dream for millions, many people know that the playing field is not always as level as those optimistic stories imply. Children born to affluent families are more likely to grow up to be affluent adults while children born to less affluent families are more likely to end up poor themselves.

This intergenerational transmission of economic status arises partly because affluent parents are able to invest more time and money in their children, who will do better economically in adulthood than children whose parents are able to invest less. Many people have assumed that as the income gulf among families in the United States continues to widen, this spending divide would also increase, which could contribute to even greater inequality in the next generation.

To bridge this “investment gap,” government policy—through spending on education, health care, and other social programs—aims to make adult income less dependent on social origins and more dependent on skill and effort. Susan E. Mayer, dean and professor, and Leonard Lopoo, PhD’01 (Syracuse University) in their recent *Journal of Public Economics* article, “Government Spending and Intergenerational Mobility,” provide convincing evidence that social policy is indeed working to narrow the investment gap.

Study Design

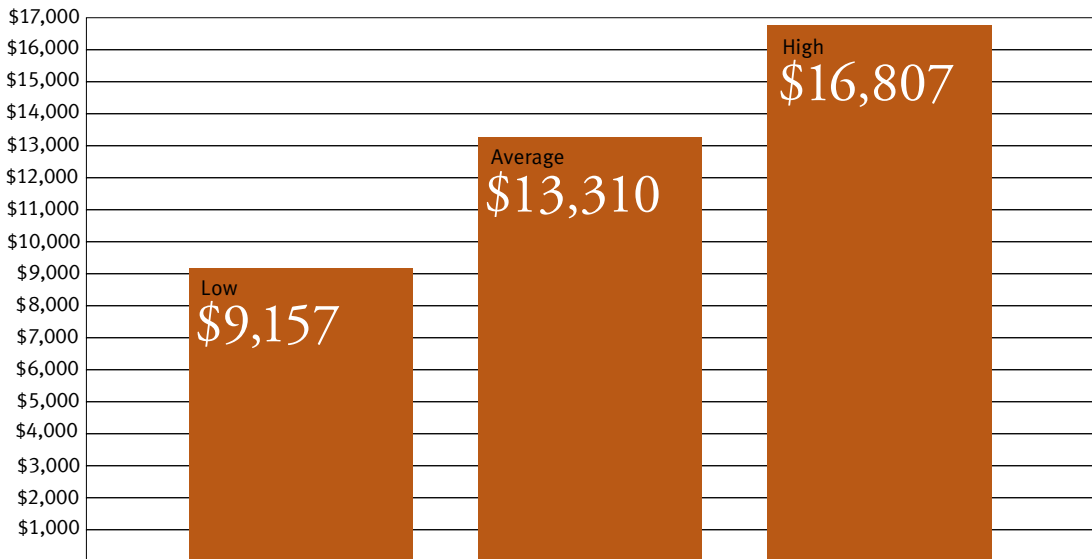
Mayer and Lopoo use data from the Panel Study of Income Dynamics (PSID) to estimate the extent to which parents' income predicts children's income in adulthood. The PSID has regularly interviewed the same set of families since 1968, capturing a wide range of information on both parents and their children.

The authors then use data from the United States Census of Governments on state spending to estimate whether the amount that state governments spend predicts the relationship between parents and children's income. If government spending helps close the investment gap among families, then parental income should matter less to children's eventual income in states with higher spending than in states with low spending. They find that states spent, on average, \$13,310 per child in 2000, ranging from a low of \$9,157 per child to a high of \$16,807. The authors use differences in state spending over time and across states to test their theory.

Government Spending Narrows the Gap

The key indicator in Mayer and Lopoo's study is the “elasticity” of the relationship between parents and children's income, which ranges from 0 to 1. When parental income has no bearing on a child's economic success later in life, the elasticity is 0. When a child's economic position in adulthood is fully determined by parental income, the elasticity is 1. If government spending helps close the investment gap, then the elasticity should be smaller in high-spending states. They find that the elasticity is 0.5 in low-spending states and 0.3 in high-spending states. Further analysis reveals that a 10% increase in government spending raises

Figure 6: Amount States Spent per Child in 2000



low-income adolescents' future earnings by 4%—reducing the influence of low parental income. However, for higher-income families an increase in government spending hardly raises adolescents' future earnings.

Additionally, the authors examined what kinds of spending are most effective at increasing children's future income and for whom it is most helpful. Funding for elementary and secondary schooling has the largest impact on children's future income, but other kinds of spending matter as well. Government spending also had a much greater impact on the future income of children raised in low-income compared to high-income families. For example, among low-income children spending on public welfare, hospitals, Medicaid, health, higher education, and housing and community development all increased the future income of children raised in low-income families. No form of government spending, however, benefited children from the highest earning families. Because government spending increased the income of adults from low-income—but not high-income—families, it reduced the influence of family origin on adult

economic success and effectively increased equality of opportunity. The results remain when the authors hold constant both family and state characteristics.

Policy Implications

Mayer and Lopoo conclude that government spending can make up some of the difference in families' ability to invest in their children. The results also suggest that increasing spending in states with low levels of spending goes a longer way than investing in states with higher levels of spending.

Susan E. Mayer, PhD, professor and dean of the Harris School, is a widely published scholar on issues related to poverty and income inequality, including her book *What Money Can't Buy: Family Income and Children's Life Chances*. Mayer is a member of the Government Accountability Office Educators' Advisory Panel, Chapin Hall Center for Children's Board of Directors, and two National Academy of Sciences committees.

Leonard Lopoo, PhD, senior research associate, Center for Policy Research and Assistant Professor of Public Administration, Maxwell School, Syracuse University

Susan E. Mayer and Leonard Lopoo, "Government Spending and Intergenerational Mobility," Journal of Public Economics 92 (2008).

Drug Safety: Risks and Benefits of Risk-Management Plans

In recent years, the U.S. system evaluating pharmaceutical drug safety has come under increased scrutiny. In particular, many have questioned whether the FDA effectively balances the benefits of the new medicines it approves with possible negative side effects. The Institute of Medicine (IOM) and policy-makers, including Sen. Edward Kennedy (D-MA) and Sen. Michael Enzi (R-WY), have taken notice of safety concerns and have independently proposed new initiatives intended to make drugs safer. One of these strategies is the greater use of risk-management plans as a condition of approval in order to minimize negative side effects—for example, limiting which physicians can write prescriptions and which pharmacies can dispense the drug.

In the opinion paper “Risks and Benefits of Risk-Management Plans,” David O. Meltzer, associate professor in the Harris School and the Departments of Economics and Medicine, calls for greater evaluation of risk-management plans and for regulators, lawmakers, and physicians not to discount the new policy proposals. The paper appears in the May/June 2007 issue of *Health Affairs*.

Meltzer’s article is a response to an earlier paper published in the journal by Scott Gottlieb, a resident fellow at the American Enterprise Institute and practicing internist, who argues that risk-management proposals are impractical to administer and do not recognize the real causes of recent drug scares—the failure to identify subtle effects and quickly alert doctors and patients of a problem. Additionally, Gottlieb contends that solutions proposed by the IOM report and the Kennedy-Enzi bill may create barriers to health care for low-income Americans and interfere with physician autonomy.

Pros and Cons of New Proposals

In an effort to lessen the range of safety risks, both the IOM’s recommendations and Kennedy-Enzi bill would expand risk-management plans by continuing their use of restrictions on a drug even after approval by the FDA. Meltzer acknowledges that Gottlieb’s arguments are “important concerns that deserve consideration,” but he said these considerations must be made within the narrow context of “specific regulatory decisions for individual drugs.”

Meltzer reminds readers that any limitations that could make risk-management plans impractical would be offset by the fact they could be sensible in certain situations. Were it not for these plans, many new drugs would never have gained FDA approval and become available to the public. He also notes that the new proposals are meant to stir discussion about the positives and negatives of all available solutions. Any barriers to care—such as allowing only expensive specialists to prescribe certain drugs thereby denying access to

a low-income population as Gottlieb identifies—can be appropriately balanced by safety concerns through making decisions for each drug in its own specific clinical context.

The natural tension between safety and access has frequently presented problems for drug regulation. But Meltzer reasons that risk-management plans may in fact have enabled negative side effects to be recognized more quickly. For example, limits on early direct consumer advertising might have lowered the number of patients exposed to unrealized effects of new drugs.

While autonomy remains a central aspect of modern medical ethics and physician independence is key, Meltzer believes that the autonomy of patients is of foremost importance. If risk-management plans limit conditions under which doctors write prescriptions, it ultimately benefits the patients by offering improved drug outcomes and the ability to make more informed choices. However, patients will see no benefit if doctors' hands are tied too tightly or if regulations for prescribing drugs are too loose. Specific

situations must be examined in order for the right balance to be reached.

Policy Implications

Meltzer warns that risk-management plans are not a cure-all, and questions should be raised about their value. But such plans have the potential to address safety concerns, preserve the most important aspects of physician autonomy, and be practical without barriers. Meltzer urges careful consideration for all the risk-management proposals and states that: “The IOM recommendations and the Kennedy-Enzi bill move the U.S. drug safety system one step closer to ensuring that such careful considerations occur consistently.”

David O. Meltzer, PhD, associate professor in the Departments of Medicine and Economics and the Harris School, studies the effects of medical technology and specialization on the cost and quality of care. He is currently completing a randomized trial comparing the use of doctors who specialize in inpatient care (“hospitalists”) with traditional physicians in six academic medical centers. Meltzer directs the Center for Health and the Social Sciences.

David O. Meltzer, “Risks and Benefits of Risk-Management Plans,” Health Affairs 26, no. 3 (2007): 681–83.

S. Gottlieb, “Drug Safety Proposals and the Intrusion of Federal Regulation into Patient Freedom and Practice,” Health Affairs 26, no. 3 (2007): 664–77.

Figure 7: Risk-Management Plans



The End of Life: The Value of Life and Terminal Care

Estimated to account for approximately one-quarter of all U.S. health-care spending, medical care at the end of life is often met with skepticism from policymakers and those paying the costly medical bills. They question the high cost of treatments which usually have minimal health benefits for dying patients. From an economic point of view, this spending is wasteful and irrational, but little analysis documents incentives for end-of-life health-care spending.

In “The Value of Life near its End and Terminal Care,” a National Bureau of Economic Research working paper, Professor Tomas J. Philipson, Gary S. Becker (University of Chicago), and Kevin M. Murphy (University of Chicago) attempt to provide the first systematic analysis of the incentives behind end-of-life care. They look at a variety of factors through economic models, including quality of life issues, the importance of hope, and the few cost and opportunity trade-offs associated with spending near death. The authors argue that current estimates of the value of one year of life can not apply and high levels of spending are rational for patients.

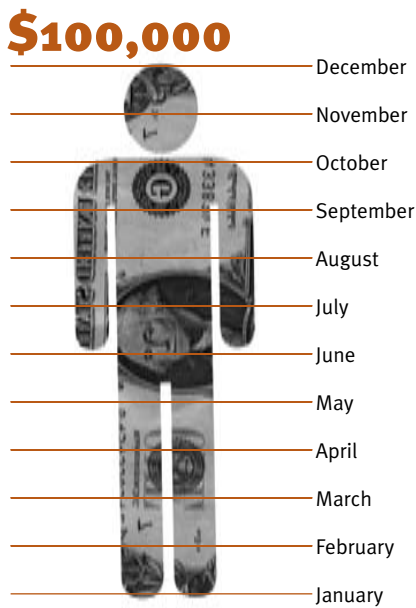
Valuating Life near the End

Based on average labor earnings, a year of life is typically valued at about \$100,000 (accounting for eight hours of work and seven hours of sleep per day), which the authors argue cannot be applied to terminally ill patients as they cannot work. The authors agree with the few studies that have attempted to value a year at the end-of-life and place its worth significantly lower than the estimated average. However, the fact that these same patients—and their families—would spend all their wealth for even a few more months implies that one’s final years are worth more than current literature assumes and perhaps more than the years earlier in life.

Another factor ignored by past studies, patients’ hope of living, also adds to the value of life for those with terminal conditions. If they have hope of living they will enjoy today more than if death was certain tomorrow. Philipson et al. determine that the concept in traditional economic models that the value of life decreases with longevity—since one expects to live fewer years (and has less hope of even greater longevity) as he or she ages—is biased in relation to terminal care. This hope of living also positively affects patients’ value of life as they may live to see a new treatment developed that will offer them a cure.

Unlike past literature, the authors consider not only the private value of life, but also the social value. If the patient’s life has positive effects on others, such as family members, it is logical that these patients (or their family) would spend large sums of money on treatment. Through their models, Philipson et al. also determine that the value of a longer life may not depend on its quality. Regardless of the state of the patient’s health, a longer life is appreciated although higher quality is enjoyed even more. This suggests that it is rational to pay the costs of treatment or care for even the frailest patients as they value life just as much as a healthy person.

Figure 8: Estimated Value of One Year of Life



Insurance Coverage and Terminal Care

To determine whether terminal care should be covered by insurance, the authors look at inclination to pay when one is in good health. They find that patients' willingness to pay for terminal care insurance increases with the probability of developing a deadly condition. People do not want to pay for this insurance if there is no chance of becoming terminally ill, but will spend their entire wealth on care in the occasion they do become sick. Additionally, willingness to pay for insurance increases as the probability of survival following treatment grows.

The authors also examine the aversion to denying dying patients existing technology, with the theory that new technology and its consumption affects the demand—both positively and negatively—for other treatments. In addition, the authors determine that extensive use of expensive terminal care technology does not guarantee more research and development (R&D). They note that although it is often

assumed that U.S. pharmaceutical R&D also incidentally has worldwide benefits, there can be in fact negative effects. Because other countries can not pay for newer, more expensive treatments, physicians may be better off without these new developments than having to deny patients newly existent care they can not afford.

Policy Implications

Philipson et al. acknowledge that their conclusion—the end of life is more valuable than previously thought—needs to undergo more empirical research, with particular consideration for the demand for end-of-life treatments and medications. Cost-effectiveness analysis has been the standard method used to evaluate new medical technologies and central to their management, adoptions, and impact on health-care spending. In future research, the authors recommend determining the public's willingness to pay for expensive terminal care with demand curves, which could estimate gross consumer surplus rather than cost per year of life. By shedding light on the value of life at its end, this study can help provide new valuations of medicines and technologies. The authors ultimately recommend that terminal care should be covered by health insurance since it is such a valuable service and in high demand.

Tomas J. Philipson, PhD, is a professor in the Harris School and an affiliated faculty member in the Department of Economics. His expertise in health economics finds him a frequent consultant to corporations and governments worldwide, including as the Senior Economic Advisor to the Commissioner of the FDA.

Gary S. Becker, PhD, University Professor, Departments of Economics and Sociology, and Graduate School of Business, University of Chicago

Kevin M. Murphy, PhD, the George J. Stigler Distinguished Service Professor of Economics, Graduate School of Business, University of Chicago

Tomas J. Philipson, Gary S. Becker, and Kevin M. Murphy, "The Value of Life near its End and Terminal Care," National Bureau of Economic Research Working Paper 13333 (2007), www.nber.org/papers/w13333.

FACULTY RESEARCH

Child and Family Policy

- The number of children born to single mothers has increased substantially over the past twenty years, but little research has focused on how the living arrangements of these families affect young children's cognitive and emotional development. In their paper, "**Living Arrangements and Children's Development in Low-Income White, Black, and Latino Families**," published in *Child Development* (November/December 2007), Associate Professor **Ariel Kalil** and E. Michael Foster (University of North Carolina–Chapel Hill) analyze data from the Comprehensive Child

...the federal government spends \$150 million annually promoting healthy marriages and fatherhood programs...

Development Program. They find little evidence that living arrangements for pre-school-aged children predict their well-being, regardless of ethnicity or race. Instead, the findings demonstrate the diversity of family types—including step-parent, multigenerational, and blended—among poor Americans. Although the federal government spends \$150 million annually promoting healthy marriages and fatherhood programs in order to change families' living situations, this research implies such policies may do little to improve the well-being of children.

- Little research has focused on how parents' involuntary unemployment shapes the development of American children; yet such research is more relevant than ever in today's economic climate. In their paper, "**Parental Employment Circumstances and Children's Academic Progress**," published in August 2007's *Social Science Research*, Associate Professor **Ariel Kalil**

and Kathleen M. Ziol-Guest, PhD'05 (Harvard University) find no significant correlation between mothers' unemployment and their children's academic progress. They determine that fathers' involuntary unemployment is associated with a higher likelihood of grade repetition and suspension or expulsion, but only in families where mothers are the breadwinners. Such negative academic experiences can have serious socioeconomic effects, including increased school dropout rates, lower college entry rates, greater reliance on public assistance in young adulthood, and diminished income. However, Kalil and Ziol-Guest conclude that effects from a fathers' unemployment are less likely to be related to income losses than a change in the dynamics of parental roles at home.

Crime Policy

- Despite a major crime rate decline during the 1990s, the U.S. homicide rate remains four times higher than in England and Wales, with firearms involved in 70% of the cases. "**Underground Gun Markets**," published in the *Economic Journal* (November 2007), provides an economic analysis of Chicago's underground gun market. The authors—**Jens Ludwig**, Professor of Social Service

Despite a major crime rate decline during the 1990s, the U.S. homicide rate remains four times higher than in England and Wales, with firearms involved in 70% of the cases.

Administration, Law, and Public Policy, et al.—conducted in-depth interviews on all sides of the illegal gun trade and examined crime data from Chicago and other major U.S. cities. They find high transaction costs due to black market prices, unreliable gun quality, physical

risks involved with a gun exchange, and the difficulty of finding a reliable seller. Additionally, the authors determine Chicago has a thin illegal gun market due partly to a strong police focus on gun activity and, as a result, a reluctance of gangs to sell firearms for fear of jeopardizing profits in the more lucrative drug market. Their findings imply that in Chicago police pressure has more effect than the city's ban on private possession of handguns. The paper suggests that recent cuts in federal funding for law enforcement could adversely affect the ongoing battle against illegal gun sales.

- In ongoing work, Professor **Jens Ludwig** is serving as the project director for the National Bureau of Economic Research's ten-year follow-up evaluation of the Moving to Opportunity (MTO) residential mobility experiment, under the U.S. Department of Housing and Urban Development (HUD). Started in 1994 in Baltimore, Boston, Chicago, Los Angeles, and New York, MTO offered via random lottery housing vouchers to low-income families in public housing to help them relocate to safer, lower-poverty neighborhoods. An evaluation of MTO families five years after random assignment found important benefits for adult mental and physical health, but not labor market outcomes. Medium-term impacts on youth were mixed, with improvements in behavior for female youth and on balance detrimental impacts for male youth. The ten-year MTO evaluation provides a unique opportunity to understand whether residential mobility programs can help improve the long-term life chances of some of our nation's most vulnerable families. Ludwig has led the effort to raise more than \$15.6 million for the MTO study from a variety of government agencies and private foundations. Final results from the project are expected to be available in 2009 or 2010.

- Crime tends to vary across countries, states, cities, and neighborhoods. One theory explaining this phenomenon is that crime is contagious—the probability that a given youth commits crime increases when other youth in the community engage in crime. In their paper, “**Is Crime Contagious?**” published in the August 2007 issue of *Journal of Law and Economics*, Professor **Jens Ludwig** and Jeffrey R. Kling (The Brookings Institution) test this hypothesis. The authors examine data from the U.S. Department of Housing and Urban Development's Moving to Opportunity (MTO) program, which helps low-income families move to safer neighborhoods. The authors look at variation in both neighborhood conditions and individual violent behavior across randomly assigned MTO mobility groups and MTO demonstration sites. Ludwig and Kling are unable to find any support for “contagion,” and instead conclude that the key to local variation in violent crimes is the racial segregation of neighborhoods, in part due to higher levels of drug activity in minority areas. These findings have the potential to impact government policies that affect the distribution of residents across neighborhoods and schools as well as the allocation of law enforcement resources.

Education Policy

- Sweeping across the United States between 1930 and 1970, the school consolidation movement both created larger schools and professionalized the nation's school system. In their working paper, “**Growing Pains: The School Consolidation Movement and Student Outcomes,**” Assistant Professor **Christopher R. Berry** and Martin West (Brown University) analyze the adult labor market outcomes of students educated during the school consolidation era to determine the effects of changing school and district sizes on student educational attainment and professional income. The

authors find that students educated in states with smaller schools finished more years of education and earned a higher wage premium for each year of schooling. These results hold even though districts with larger schools often received more state funding and had lower student-teacher ratios, higher teacher salaries, and more school days. While the authors are hesitant to draw conclusions about contemporary debates over school size, they urge more research on this topic, including examining individual-level student data to determine what specifically about small schools or large districts affects student outcomes.

- As the No Child Left Behind Act faces reauthorization, *Education Next* and Harvard University’s Program on Education Policy and Governance conducted a survey of U.S. adults, asking about issues from accountability to

About 50% of Americans—but 63% of people who have worked for public schools—believe spending on public education should increase.

school choice to teacher salaries. In the article, “**What Americans Think about Their Schools,**” published in the journal’s fall 2007 issue, Associate Professor **William G. Howell**, Martin R. West (Brown University; executive editor, *Education Next*), and Paul E. Peterson (Harvard University; editor-in-chief, *Education Next*) summarize the survey’s findings of the entire group surveyed and differentiate the opinions of ethnic groups and current or former public school employees. On No Child Left Behind reauthorization, 57% of adults support renewal with no or little modification, as compared to 42% of current or former school employees. An overwhelming majority support requiring students to pass an exam before they proceed to the next grade and graduate from high school. People generally support school choice initiatives—with the most support from Hispanics and African

Americans—but do not have strong opinions about charter schools and, in fact, know little about them. About 50% of Americans—but 63% of people who have worked for public schools—believe spending on public education should increase. And while Americans are interested in some reforms, only 45% agree that teacher salaries should depend on student progress. Overall, the survey found that respondents care about their schools and want them improved.

- In addition to providing skills in a chosen career field, college education may also give students an opportunity to learn about their own talents and interests. But is this a truly important benefit of a college education? In his working paper, “**Discovering One’s Talent: Learning from Academic Specialization,**” Assistant Professor **Ofer Malamud** analyzes comparative data within the British university systems, where England requires students to decide on a major earlier than Scotland. He finds that English students—who have had more time to acquire field-specific skills by graduation, but less time to learn what they are most interested in—are more likely to work in a field unrelated to their major than the Scottish students. Malamud concludes that the benefits of experimenting with different fields outweigh the potential loss of accumulated job skills. He therefore confirms that higher education plays a crucial role in helping students discover their own talents and may help individuals succeed in their chosen occupational field.
- Previous studies have shown that in many countries family socioeconomic status is linked to access to higher education. But debate still exists as to whether this relationship is fixed early in life or can be modified through investments in schooling, such as early academic tracking. In the working paper, “**The Effect of Postponing Tracking on Access to Higher Education: Evidence from a**

Regression-Discontinuity Design,” Assistant Professor **Ofer Malamud** and Cristian Pop-Eleches (Columbia University) examine a reform in Romania that postponed placement of students into an academic or vocational high school. Analyzing 1992 Romanian Census data, Malamud and Pop-Eleches determine that following the change students from poor, rural areas with less educated parents were more likely to graduate from an academic high school and be eligible to apply to a university. However, the authors did not find a corresponding increase in university completion by these students, which suggest that simply postponing academic tracking will not help disadvantaged students catch up to their more privileged peers.

- The No Child Left Behind Act of 2001 (NCLB) federally mandated that each state adopt a test-based accountability system targeting children in grades three through eight. Illinois, like most states, adopted a system that gives a school credit for each student who scores above a certain passing threshold, but does not reward additional score improvements for students that are already passing or for year-to-year progress for students who score in the failing range. As a result, schools have an incentive to target students just short of passing the test, and spend less time on students with relatively high or relatively low baseline test scores. In their paper, **“Left Behind by Design: Proficiency Counts and Test-Based Accountability,”** Assistant Professor **Diane Whitmore Schanzenbach** and Derek Neal (University of Chicago) examine test scores before and after NCLB to determine how accountability standards have affected student performance. The authors find that under NCLB standards students in the middle of the achievement distribution showed more improvement than they did prior to the introduction of NCLB, while students at the top showed mixed results,

and those at the bottom appear to have even lost some ground. The authors calculate that students nationwide—25,000 alone in Chicago—are essentially being left behind. While some students need more instruction and attention than others, Schanzenbach and Neal’s findings suggest that proficiency standards determine the amount of time teachers can spend with certain groups of students as they prepare for exam day, and that an accountability system focusing on test score improvements or allowing for multiple benchmark levels would be more effective in helping the lower achieving students.

Health Policy

- One major focus of health economics has been the insurance coverage structure in a world where insurance pays a substantial part of health-care costs. In their paper, **“Optimal Health Insurance for Prevention and Treatment”** (*Journal of Health Economics*, December 2007), Professor **Willard G. Manning** and Randall P. Ellis (Boston University) expand on previous research to examine the best coverage options, considering both preventative care and medical treatment

...one way for health insurers to provide more preventative coverage would be to offer lower rates for preventative care and charge higher rates for treatment...

jointly. Their model shows that it would be appropriate for insurers to cover preventive services—such as cancer screenings—because they decrease the financial risk and uncertainty of subsequent costly medical coverage by decreasing the chance of catching illness early when it is less variable because it is easier and cheaper to treat. This coverage of prevention would also help patients to act as if they see the full advantage of prevention benefits, which they tend not to do. Additionally, the authors

make an argument for more generous insurance coverage for both prevention and treatment in their examination of uncompensated losses—such as travel time to and from doctor visits or over-the-counter drugs—as these costs are included in prevention and treatment for patients. In response to these findings, Manning and Ellis suggest that one way for health insurers to provide more preventative coverage would be to offer lower rates for preventative care and charge higher rates for treatment, compared with what the rates would be if insurance coverage ignored the authors' findings.

- Health-care providers usually aim for individualized patient care, but physicians often lack the time and resources to offer treatment focused on patient preferences and specific clinical needs. Research on medical treatment cost-effectiveness has traditionally focused on average benefits and costs to the general population. In the paper, “**The Value of Information on Preference Heterogeneity and Individualized Care,**” published in the March/April 2007 issue of *Medical Decision Making*, Associate Professor **David O. Meltzer** and Anirban Basu, PhD’04 (University of Chicago) study a model for 65-year-old prostate cancer patients and discover that choosing a treatment based on patients’ personal clinical needs and preferences is worth about \$70 million annually in savings, about 100 times the value of the most cost-effective single treatment if all men were treated identically. An additional important finding is that health insurance can reduce the value of individualized care if patients and physicians choose more costly treatments paid for by insurers, even when the treatments may be of little value to the patient. Meltzer and Basu believe this study can serve as a guide to help doctors and patients make the best treatment decisions and to help insurance companies design more effective coverage plans.

Labor and Employment Policy

- The Worker Profiling and Reemployment Services (WPRS) system was enacted in 1993 with the intent of reducing the duration people spent on Unemployment Insurance and creating a national reemployment system. Specifically, each state’s WPRS system identifies claimants that are likely to exhaust their 26-week benefit entitlement and requires them to participate in reemployment services—including job search and training workshops—to continue receiving benefits. In continuing research, Professor **Dan A. Black**, Jose Galdo (McMaster University), and Jeffrey A. Smith (University of Michigan) re-examine June 1994 to October 1996 data from the Kentucky WPRS in “**Evaluating the Worker Profiling and Reemployment Services System Using a Regression Discontinuity Approach,**” which appeared in the May 2007 issue of *American Economic Review*. Focusing on the state with the most sophisticated system to identify claimants, Black et al. attempt to determine the program’s effectiveness. The authors use a broader sample than in their 2003 study and a methodology that allows the findings to be generalized for a broader population. Black et al. find results similar to their previous study—the Kentucky system does indeed shorten the time claimants are on unemployment, and in the process reduces total benefits paid and increases claimants’ annual earnings.
- Following the economic boom of the 1990s, the start of the 21st century was characterized by millions of jobs lost nationally—many belonging to older, experienced workers. In their paper “**Job Loss at Mid-Life: Managers and Executives Face the ‘New Risk Economy,’**” (forthcoming in *Social Forces*) Associate Professor **Ariel Kalil**; Ruby Mendenhall, AM’94 (Center for Human

Potential and Public Policy postdoctoral scholar 2004–06); Cassie Hart, MPP’07; and

...most respondents attribute their unemployment to globalization and a lack of employer loyalty...

Laurel J. Spindel, AM’02 analyze in-depth interviews and survey data from recently-unemployed white collar Chicagoans to determine how job loss affected their perceptions of the changing labor market. The authors found that most respondents attribute their unemployment to globalization and a lack of employer loyalty. At the start of their new job search, study participants began with a “free-agent” mentality, determined not to become too invested in another employer. They also felt a middle-age stigma, causing them to downplay age markers like graduation year and total years of experience. In addition, participants used their job loss as a real-life lesson for their children to help prepare them for the working world by encouraging them not to become overly dependent on one employer and to develop and maintain personal safety nets.

- In 1999, the British government shortened the tenure required for a worker to sue an employer for unfair dismissal—from two years to one year. While United States workers are employed at will, European job security legislation mandates that after a probationary time employers can only fire workers for a fair reason. In the working paper, “**Shortening the Tenure Clock: The Impact of Strengthened U.K. Job Security Legislation**,” Assistant Professor **Ioana Marinescu** finds that after the law’s adoption, the risk of getting fired for workers with less than two years experience decreased roughly 30% compared to more experienced employees. The law did not appear to have any effect on wages, but did coincide with a decrease in unemployment duration, particularly for older workers. But the reform’s

biggest impact has been an improvement in employment practices—hiring more carefully and investing more in training and monitoring of new workers—which leads to a reduced need to fire new workers.

- A flexible labor market, key to U.S. economic competitiveness, benefits most unemployed workers as they can find new positions quickly and often with higher salaries. But long-tenured, middle-aged employees must often accept lower salaries, which can affect their long-term earnings. In his paper, “**The Case for Wage Insurance**,” written for the Council on Foreign Relations, Professor **Robert J. LaLonde** argues that existing policies—which include unemployment insurance and retraining programs—do not provide adequate compensation for income losses and urges Congress to rethink the Trade Adjustment Assistance (TAA) Act. LaLonde reviews existing proposals for wage insurance and argues that TAA should be scrapped in favor of a program providing benefits to displaced workers whether or not their job loss results from increased foreign trade. In addition, the two-year benefit period should be extended to cover the duration of earnings losses. He suggests financing these programs by charging a modest premium to workers or by using funds from TAA and other unemployment and retraining programs. LaLonde believes supporting middle-aged and older workers will help calm their fears about job displacement and boost political support for flexible labor markets and open trade, maintaining American economic leadership.

Poverty and Inequality

- To increase employment levels of low-wage workers, many developed countries are requiring welfare recipients to work in order to receive benefits. In the working paper, “**The Effects of Work-Conditioned Transfers on**

Marriage and Child Well-Being: A Review,”

Jeffrey Grogger, the Irving B. Harris Professor in Urban Policy, and Lynn Karoly (RAND Corporation), review studies of three of these work-conditioned programs in North America from the 1990s to understand their impact on marriage and on the well-being of children. The authors found these programs can influence marital incentives in conflicting ways. On the one hand, they may improve single parents’ financial and employment options, reducing the appeal of marriage. On the other hand, they can create a higher combined income for a couple, making marriage more attractive. Because work-conditioned assistance programs can affect employment, family income, and marriage, they should also have an impact on children’s well-being. Preschool-age children gain the most from work-conditioned programs—benefiting from an increased use of child care centers—while adolescents appear to benefit the least. The extent to which children gain or lose appears to result from changes in family behavior rather than from the programs directly.

- Welfare reform in the 1990s started a new era of work requirements for assistance and limited funding for low-income women to participate in education and work training programs. In their paper, “**Cognitive and Non-Cognitive Predictors of Success in Adult Education Programs: Evidence from Experimental Data with Low-Income Welfare Recipients,**” (forthcoming in the *Journal of Policy Analysis and Management*), Associate Professor **Ariel Kalil** and Lindsey Leininger, PhD’07 find that both noncognitive skills—particularly the amount of control women feel they have over their lives—and cognitive skills have an effect on the impact of educational programs for low-income women who were randomly assigned to such a program. Overall, education courses increased the probability of receiving a high school degree by 8%. However, women

with high cognitive but low noncognitive skills were only half as likely to earn a degree as women with both sets of skills. Leininger and Kalil determine that life experience affects how much control women feel they have over their lives and propose that for disadvantaged women on-the-job training may be a more effective approach for their ultimate economic success.

- Although analyses of U.S. poverty rates and the effects of anti-poverty programs almost completely rely on annual income data compiled by the Census Bureau, **Bruce D. Meyer**, the McCormick Tribune Professor, and James X. Sullivan (University of Notre Dame) favor another approach. Meyer and Sullivan outlined in earlier work the theoretical arguments favoring consumption data—which report spending on food, housing, and other goods—over income data. They also found that consumption data seem to be a better measure than income data for single mothers. In more recent research, “**Further Results on Measuring the Well-Being of the Poor Using Income and Consumption,**” Meyer and Sullivan show that their earlier results are more widely true. Furthermore, they find that consumption and income data provide a very different picture of recent changes in the well-being of the disadvantaged. Lastly, they examine a number of new dimensions to the quality of income and consumption data.
- In a second working paper, “**Consumption and Income Poverty for Those 65 and Over,**” Professor **Bruce D. Meyer** and James X. Sullivan (University of Notre Dame) continue their work on improving the measurement of poverty. The paper reports on income-based poverty measures but emphasizes alternative measures based on consumption, which account for spending out of past savings by the elderly and their high rate of ownership of cars and houses. The authors also take into account changes in pensions and health insurance

coverage in order to paint a more complete picture of elderly poverty. The authors find that between 1980 and 2004 poverty (as measured by consumption) fell by 11.6 percentage points, compared to a 6.4 percentage point drop (as measured by income). These results indicate a greater decline in poverty rates than past studies, especially for women over age 75.

- Government records of payments from the Food Stamp Program (FSP) often report higher numbers of food stamp recipients than national surveys of households—as much as 40% when compared to the Current Population Survey—where recipients are responsible for reporting food stamps. This underreporting has major implications for understanding the distributional effects of government programs and the economic circumstances of disadvantaged populations. In their working paper, “**Reporting Bias in Studies of the Food Stamp Program,**” Professor **Bruce D. Meyer** and James X. Sullivan (University of Notre Dame) provide new methods to address underreporting bias. Past studies have relied on matching survey data to FSP administrative data for individual households, a process which is rarely available and even then only for a small subset of respondents. The authors’ method differs in that it compares overlapping demographic characteristics between the two data sets rather than matched individual data, making the method applicable to the entire country and both current and past food stamp data. As a result, the authors are able to adjust for the underreporting of FSP participation rates and better understand the extent to which food stamps increase resources of poor families. Meyer and Sullivan note that this method can also help policymakers and researchers estimate underreporting for other government programs.
- Since its 1975 inception, the federal Earned Income Tax Credit (EITC) has provided

income subsidies to families while encouraging work. The program has grown dramatically and is now the largest anti-poverty program for

The credit lowers the overall number of people living in poverty by 14%, although the majority helped live just under the poverty line rather than in extreme poverty.

people under age 65. In his working paper, “**The U.S. Earned Income Tax Credit, Its Effects, and Possible Reforms,**” Professor **Bruce D. Meyer** summarizes the effects of the EITC and examines reform options. Using Census and IRS data, he examines who receives the credit and how it changes their incomes. Meyer finds that the credit is primarily received by low-income single parents, and sharply reduces the poverty rate. The credit lowers the overall number of people living in poverty by 14%, although the majority helped live just under the poverty line rather than in extreme poverty. Because the EITC provides an incentive to work—especially for low-skilled single mothers—women without a high school diploma have seen a sharp increase in employment over the last 20 years. Concerns about the credit include possible marriage disincentives, an incentive to reduce hours worked, and noncompliance. Meyer also discusses possible policy reform ideas, including a more generous credit for three-child families, a reduction of marriage penalties, and the simplification of eligibility criteria.

- Even though the Food Stamp Program (FSP) is one of the U.S. government’s largest low-income assistance programs, for decades there was little evidence demonstrating its effect on recipients’ food consumption and work behavior. In their working paper, “**Consumption Responses to In-Kind Transfers: Evidence from the Introduction of the Food Stamp Program,**” Diane Whitmore

Schanzenbach, assistant professor, and Hilary W. Hoynes (University of California-Davis), examine county-level data from before and after the FSP's gradual implementation in the 1960s and 1970s. Even though U.S. and FSP populations have grown since the program's introduction, the authors argue that this study is relevant to current policy discussions as it is the first of its kind completed. Schanzenbach and Hoynes find that while food stamp recipients reduce their own out-of-pocket spending, they do spend more overall on food, which includes the cost of groceries and eating out. The authors argue that—similar to most traditional income support programs—the FSP creates a disincentive for recipients to work, although the negative impact is smaller than from other government assistance programs.

Public Finance

- In their working paper, “Cyclical Budgetary Policy and Economic Growth: What Do We Learn from OECD Panel Data?” Assistant Professor **Ioana Marinescu** and Philippe Aghion (Harvard University) examine the link
- ...a countercyclical budget deficit is most often associated with economic growth when a nation has a low level of financial development.*

between budgetary policies and long-term economic growth in countries belonging to the Organisation of Economic Co-operation and Development (OECD). Using annual OECD panel data, the authors find that since the 1970s budget deficits have generally become more countercyclical in efforts to stabilize the economy, except among Economic and Monetary Union (EMU) nations. The authors also conclude that a country is more likely to have a countercyclical budgetary policy when they are less open to trade, more financially developed, and have their central bank keep inflation close to an official value called the inflation target. In addition, a countercyclical

budget deficit is most often associated with economic growth when a nation has a low level of financial development. Marinescu and Aghion believe the economic mechanisms documented in this study can be applied to other groups of countries—such as middle-income countries in Latin America or Eastern Europe—and could be used to foster EMU economic growth.

Public Management, Governance, and American Politics

- Despite an increase in female legislators over the past 30 years, including a record number elected in 2006 to the U.S. Congress, women
- ...districts represented by women receive 12% to 19% more in federal discretionary spending than those represented by men, all else equal.*

are still the minority in Congress and legislatures across the country. Harris School Assistant Professor **Christopher R. Berry** and Sarah Anzia, MPP'07 (Stanford University) argue that sex discrimination by voters still exists and, as a result, women must be of higher quality than their male counterparts in order to be elected. In their working paper, “The Jackie (and Jill) Robinson Effect: Congresswomen and the Distribution of Federal Spending,” Berry and Anzia test this theory by examining congresswomen's success relative to congressmen in the universal political pursuit to bring federal dollars home to their districts. They find that districts represented by women receive 12% to 19% more in federal discretionary spending than those represented by men, all else equal. But, Berry and Anzia conclude it is the quality—not the gender—of the legislator that steers more money to certain districts.

- Ninety-six percent of U.S. elected officials serve in local governments, and the number of

officials varies greatly from place to place. In some cities, for example, only the mayor and city council are elected while in others voters also select treasurers, coroners, judges, and a host of additional officials. In the working paper, “**The Fiscal Consequences of Electoral Institutions**,” **Christopher R. Berry**, assistant professor, and **Jacob E. Gersen** (University of Chicago Law School) examine the link between this density of elected officials and fiscal policy. They ask whether having more specialized elected officials brings policies more in line with constituent wishes rather than those of special interest groups. The authors find that differences in the numbers of local officials often produce significant variations in levels of taxing and spending across U.S. counties. Adding officials to jurisdictions with few existing policymakers decreases both spending and taxes, but adding officials to districts with a high number of elected officials actually produces a reverse effect. Berry and Gersen also conclude that there is a trade-off between accountability and monitoring. Having elected officials for specialized offices allows voters to more directly choose policies, but at the same time the cost of monitoring large numbers of officials creates burdens for citizens that may outweigh the benefits of accountability.

- In their paper “**A Bridge to Somewhere: Mapping State and Congressional Ideology on a Cross-Institutional Common Space**,” Harris School assistant professors **Christopher R. Berry** and **Boris Shor** (with Nolan McCarty of Princeton University’s Woodrow Wilson School) develop a new data set of state legislative ideological measure in order to compare policymakers across states and Congress. They do so by closely examining legislators that have served in multiple governing bodies—such as those who move from a state legislature to Congress, bridging state and congressional politics. Prior to their research, no useful comparisons could be made across states

because legislatures do not share voting agendas. With their new methodology, Berry, Shor, and McCarty are able to generate comparable measures of partisan polarization in state legislatures. In addition, they use these measures to explain the variation in welfare benefits across states. They examine nine states representing one-third of the U.S. population over a decade.

- In ongoing research, Associate Professor **Jon Pevehouse** is working on two projects related to free trade agreements. In the first, he is examining what factors lead countries to delegate authority over trade rules to international courts and settlement agencies rather than allow for direct diplomatic negotiations. He argues that power of domestic groups to delay or stop the ratification of such agreements is key to understanding these decisions. Leaders make decisions about legal authority based on their beliefs about whether an agreement is likely to pass inspection domestically, designing agreements they believe will cease potential domestic opposition. In the second, Pevehouse is studying whether the recent rise of free trade agreements has led to better political relationships between nations. From both projects, Pevehouse has determined that given that many members of free trade agreements actually engage in little merchandise trade, they must have additional impetus to join such agreements. Pevehouse argues that politics and political cooperation are as large a determinant of whether or not a country will sign free trade agreements as are underlying economic necessities.
- The concept that poor states elect Republicans and rich states vote for Democrats was crystallized by journalists following the 2000 election when states were famously designated red or blue, respectively. But at the same time, academics concluded the opposite. In reality, the difference in how the rich and poor vote varies by state. In the forthcoming book, *Rich*

State, Poor State, Red State, Blue State: How Americans Are Polarized and How They're Not (Princeton University Press, 2008), Assistant Professor **Boris Shor** and coauthors explain these differences in both aggregate and individual level findings over the last 50 years. They conclude that income strongly predicts presidential voting in “red America” but not in “blue America,” where the rich are conflicted in their economic and social views (unlike their poor state counterparts). Rich voters in poor states (like Mississippi) are much more conservative than poor voters in those states—especially on economic issues. But in richer states (like New York and California), rich voters in 2000 were more likely to vote Republican by a much smaller margin because of their more moderate social views and the great re-sorting of political party labels in recent American history. Overall, poor voters are most alike across states whereas rich voters differ, providing the key to understanding major trends in political outcomes—the income paradox and large increases in polarization over time. Shor and his coauthors also replicate their results on presidential voting across states at the county level, as well as gubernatorial voting within states and presidential voting in Mexico and parliamentary voting in Europe.

Social Theory of Choice and Judgment

- In the paper, “A Note on Neglect Defaulting,” Professor **Howard Margolis** shows a series of simple experiments—turning on logic, probability, or social interactions—where intelligent subjects routinely give abnormal responses that violate everyday expectations about sensible choices and almost trivial variants elicit normal responses. Margolis describes both the puzzling responses and the remedial effects as “one-step defaulting.” He also provides a Darwinian explanation of why

such effects exist and draws attention to consequences in a modern environment, which is very different from the circumstances in which stubborn tendencies of this sort were advantageous.

- Since Professor **Howard Margolis’s** 1982 book on rational choice (*Selfishness, Altruism, and Rationality*) there have been many changes in the field, notably the emergence of behavioral economics as a major subfield which adapts rational choice theory to actions that go beyond self-interest and that cannot always be explained by logic. Margolis begins his most recent book, *Cognition and Extended Rational Choice* (Routledge, 2007), by reviewing cognitive illusions and examining Charles Darwin’s arguments on moral concerns. He then demonstrates how the theory of rational choice can be broadened to explain human actions as a balance between self-interest and social motivation, which Margolis names NSNX (“neither selfish nor exploited”). He applies NSNX to a variety of puzzling results from economists’ social choice experiments, arguing they reveal complications that can arise in areas outside everyday experience, so that the artificial and impoverished environments of experiments provide insight into difficulties likely to be encountered in contexts of large-scale political and social cooperation. In a concluding chapter, he applies his theory to terrorism to help yield insights into the recruitment and long-term prospects of terrorist movements.
- Even though a single vote has a microscopic effect in a large election, voters turn out in the millions, creating a long-standing puzzle for social theory known as the paradox of voting. In a paper forthcoming in the *Journal of Theoretical Politics*, “**QRE, NSNX, and the Paradox of Voting**,” Professor **Howard Margolis**—with an approach called NSNX (“neither selfish nor exploited”)—proposes that

Even though a single vote has a microscopic effect in a large election, voters turn out in the millions, creating a long-standing puzzle for social theory known as the paradox of voting.

if people respond to a balance between self-interest and social motivation, then it is easy to account for why they would take the modest trouble required to vote. This account contrasts with an alternative recently published in the *American Political Science Review*—quantal response equilibrium (QRE)—which argues that voters are succumbing to a systematic error. Margolis argues that the QRE account readily leads to counterfactual inferences where the NSNX account does not.

Honors & Awards

- Research!America presented **Tomas J. Philipson** with the 2007 Eugene Garfield Economic Impact of Medical and Health Research Award for his paper entitled “Who Benefits from New Medical Technologies?” (coauthored with Anupam Jena, PhD’06).
- In June, **Christopher R. Berry** was named the Best Professor of a Core Course by the Public Policy Students Association.
- **Kerwin Kofi Charles** was named the Steans Family Professor in Education Policy in August 2007. This professorship, created in 2005, supports research and teaching focused on understanding and improving education policy, particularly as it relates to students from communities dealing with poverty and unemployment.

Faculty in the News

January 2008

- **Kerwin Kofi Charles**—*The Bryant Park Project, National Public Radio*
“The Color of Luxury Buying”

- **Kerwin Kofi Charles**—*Slate*
“Cos and Effect: Bill Cosby May Be Right about African-Americans Spending a Lot on Expensive Sneakers—But He’s Wrong about Why”

December 2007

- **Ariel Kalil**—*Times Daily*
“Study: Mom’s Marital Status May Not Indicate Kids’ Success”
- **Jens Ludwig**—*Economist*
“America’s Illicit Gun-Market Is Surprisingly Inefficient”

November 2007

- **Susan E. Mayer**—*Worldview, Chicago Public Radio*
“Public Policy in Central America”
- **Ariel Kalil**—*Chronicle of Higher Education*
“A Breadwinner’s Job Loss Reduces Children’s Chances of Going to College, More So for Blacks, Study Finds”
- **Robert J. LaLonde**—*Economist*
“Buying off the Opposition”
- **Jeffrey Grogger**—*University of Chicago Magazine*
“Shifting Fortunes”
- **William G. Howell and Christopher R. Berry**—*The State*
“Low Test Scores Rarely Cost Incumbent School Board Members Votes”

October 2007

- **Jon Pevehouse**—*Ideas Network Program Notes, Wisconsin Public Radio*
Discussion on the Iraq War
- **Robert J. LaLonde**—*Washington Post*
“Helping Workers Where It Hurts”

September 2007

- **Jon Pevehouse**—*Ideas Network Program Notes, Wisconsin Public Radio*
Discussion on the Iraq War

- **Robert J. LaLonde**—*Council on Foreign Relations*
“Wage Insurance Could Generate Support for Free Trade, Says New Council Special Report”

- **William G. Howell and Jon Pevehouse**—*Foreign Affairs*
“When Congress Stops Wars”

August 2007

- **Diane Whitmore Schanzenbach**—*Washington Post*
“The Gifted Children Left Behind”

July 2007

- **Jeffrey Grogger**—*Chicago Sun-Times*
“Right Thing Pays Off”
- **Diane Whitmore Schanzenbach**—*Education Week*
“NCLB Seen as Curbing Low, High Achievers’ Gains”
- **Robert J. LaLonde**—*New York Times*
“California Investigates a Mother-and-Child Prison Center”
- **Tomas J. Philipson**—*Washington Post*
“Congress Seeks to Balance Drug Safety, Quick Approval”

June 2007

- **Robert J. LaLonde**—*New York Times*
“Shattering Stereotypes about Immigrant Workers”
- **Jeffrey Grogger**—*Chicago Sun-Times*
“Immigration Hurts Blacks”

May 2007

- **Jeffrey Grogger**—*National Bureau of Economic Research Digest*
“Effects of Immigration on African American Employment and Incarceration”
- **William G. Howell**—*CNN.com*
“Iraq Legislation Rare Rebuke of Ongoing War”

Reprinted: ABC News, *The Guardian*, *Detroit Free Press*, *The Daily Star*, *Examiner.com*, *Houston Chronicle*, *NW Florida Daily News*, *WTOP*

April 2007

- **Jeffrey Grogger**—*Los Angeles Times*
“Hahn Seeks to Bar New Anti-Gang Policy”

March 2007

- **Christopher R. Berry**—*Education Week*
“Savings from School Consolidation Plans Uncertain”

February 2007

- **William G. Howell**—*Chicago Tribune*
“Bush to Congress: Give New Iraq Strategy a Chance to Work”

January 2007

- **Don L. Coursey**—*PRNewswire*
“Illinois Corn Growers Would Face Cost Hikes Without Atrazine”
- **Diane Whitmore Schanzenbach**—*New York Times*
“Childhood Poverty Is Found to Portend High Adult Costs”
- **Robert J. LaLonde**—*Port Huron Times-Herald*
“Adult Education Heats Up as State Economy Cools”
- **William G. Howell**—*Chicago Tribune*
“The Iraq War: Congress Is Drawing Line in Sand”
- **William G. Howell**—*Eight Forty-Eight, Chicago Public Radio*
“Analyzing Congressional Power”
- **William G. Howell**—*Chicago Tribune*
“Will Bush’s War Policy Be Tamed by New Congress?”
- **Boris Shor**—*WDEL (Wilmington, DE)*
Discussion on voting patterns

RESEARCH ACTIVITIES

Center for Human Potential and Public Policy

On July 1, 2007, Harris School Associate Professor Ariel Kalil became director of the Center and, with Associate Director Laurel Spindel, has created a new strategic plan. Building on its ten-year history, the Center will expand its reach to support trans-disciplinary research and training on achievement, health, and well-being across the lifespan. Three new program areas—Developmental Transitions in a Changing World; Poverty, Inequality, and the Human Condition; and Science, Technology, and Society—reflect the ongoing work of faculty affiliates and postdoctoral trainees, as well as stimulate and support new research on less-studied areas.

Faculty Affiliate Network

The Center's multidisciplinary faculty affiliate network has grown to include over fifty University of Chicago scholars from schools and departments across campus. Representing the core intellectual community of the Center, affiliates play an important role in influencing its agenda. The Center provides affiliates, and their students, with funding opportunities and support for disseminating findings to the local and national research and policy communities.

The Center has given two new awards to faculty affiliates:

- Research Incubator Award to Professor Tomas J. Philipson for his book project (with Anupam B. Jena) *Health and Economic Inequality in the United States*
- Human Potential Conference Award to Eliakim Hastings Moore Distinguished Service Professor Emeritus Robert T. Michael for the National Longitudinal Survey of Youth Ten Year Anniversary Conference (May 2008)

Graduate and Postdoctoral Training

This year, the Center helped affiliated graduate students present research at national conferences and supported the training and research of four postdoctoral fellows:

- Amy Claessens (PhD'07, Northwestern University) focuses on education policy, including the effectiveness of charter schools
- Lindsey Leininger (PhD'07, University of Chicago) researches children's health and older workers' well-being
- Carolina Milesi (PhD'07, University of Wisconsin) examines socioeconomic disparities in education and health
- Rebecca Ryan (PhD'06, Columbia University) researches cohabitation, child well-being, and parental investments in children

Lectures, Workshops, and Conferences

The first Annual Lecture on Science, Technology, and Society took place in October. James R. Flynn, Professor Emeritus of Political Studies and Psychology at the University of Otago, New Zealand, lectured on paradoxes plaguing the theory of intelligence, discussed in his current book, *What Is Intelligence?*

Beginning in September, the Center has held a weekly Workshop/Working Group on Human Potential, the format of which alternates between formal lectures and discussion sessions for in-progress work. An interdisciplinary forum for graduate students, postdoctoral fellows, and faculty, the series focuses on research concerning behavior, health, and well-being across the lifespan as well as the ways in which technology and public policy shape human potential and achievement.

For more information on these activities or upcoming programming, including the

Center's Annual Conference on health and attainment over the lifespan (May 16, 2008), visit harrisschool.uchicago.edu/chppp/.

The Cultural Policy Center

The Cultural Policy Center at the University of Chicago is an interdisciplinary center providing research and informing policy that affects the arts, humanities, and cultural heritage.

Research Completed in 2007

- *Chicago Music City* compares music industries and live music scenes across the United States, and finds that Chicago is a leader by nearly every indicator measured. This benchmark study is the Center's third project focused on measuring the impact of arts and culture on cities. Headed by Faculty Director Lawrence Rothfield and Harris School Professor Don L. Coursey, assisted by Harris School doctoral student Sarah Lee, the report used data from music industry sources and the *Village Voice* to offer innovative measurements of music industry size, and of availability, accessibility, quality, and diversity of musical performances.

Forthcoming in 2008

- *Antiquities under Siege: Cultural Heritage Protection after the Iraq War*, edited by Lawrence Rothfield, explores policy options for preventing wartime looting of cultural institutions, cultural property, and archaeological sites. This volume emerged from the Center's two recent conferences on the policy and planning failures that led to the looting of antiquities at the Iraq Museum and the ongoing looting of archaeological sites throughout Iraq since 2003. The book features chapters from an international array of experts in archaeology, museum leadership, the military, international law, and foreign affairs and diplomacy. It reviews what occurred before, during, and after the U.S.-led invasion

of Iraq, and develops a set of policy recommendations for use by governments, foundations, and NGOs. (Forthcoming from AltaMira Press, Spring 2008)

- *Entering Cultural Communities: Diversity and Change in the Nonprofit Arts* investigates how American cultural institutions are rethinking and recalibrating their relationships with audience members. Former Research Associate Diane Grams led a team of researchers in surveying arts leaders about how their organizations are broadening their programming, revising the social and ethnic composition of their leadership, partnering with other nonprofits and listening to their audiences to ensure the future sustainability and relevance of the nonprofit arts. (Forthcoming from Rutgers University Press, Spring 2008)

Ongoing Research

- *Cultural Infrastructure in America* examines the recent building boom in America's cultural sector. Officially launching in spring or summer 2008, it assesses the level of capital formation in the arts sector and the range of building projects that have been pursued by museums, performing arts organizations, and other cultural groups over the last several decades. We investigate whether building projects are meeting the core needs and objectives of the individual organizations that pursue them, and then explore the consequences of construction projects for the organizations that choose to pursue them as well as for surrounding local, regional, and national cultural ecologies.

D. Carroll Joynes, Executive Director
Lawrence Rothfield, Faculty Director
Wendy Leigh Norris, Associate Director

For more information, contact the Center at 773.702.4407 or visit culturalpolicy.uchicago.edu.

The Program on Political Institutions

A new programmatic initiative at the Harris School of Public Policy Studies, the Program on Political Institutions (PPI) began operations in September 2007 under the direction of Associate Professor William G. Howell. PPI focuses on the domestic and international institutions that create and implement public policy. Through the support of workshops, conferences, student training, and scholarship, PPI establishes an intellectual hub at the University of Chicago for faculty and graduate students who are interested in the political economy of institutions.

In addition to launching a website, establishing a steering committee, establishing its co-sponsorship of three workshops (the American Politics Workshop, the Political Economy Workshop, and the Program on International Politics, Economics, and Security), and identifying Harris School affiliates, PPI named two students (Nancy Staudt and Tana Johnson) as its first graduate fellows.

Already PPI has awarded two collaborative grants, which are intended to support graduate students and faculty working together on research concerning political institutions. PPI also has provided financial assistance to one graduate student to attend a professional conference.

This fall, PPI hosted two, daylong conferences. The first, which occurred in October, included political science faculty from around the University who presented a range of papers highlighting the kind of research that PPI intends to support—projects that focus on either foreign or domestic institutions and that rely upon either empirical or theoretical methods.

The second conference, which occurred in December, assembled faculty and graduate students from Stanford University, UCLA,

Harvard University, and the University of Chicago to discuss Assistant Professor Christopher R. Berry’s book manuscript, “Imperfect Union: Representation and Taxation in Multi-Level Governments.”

Additional conferences are being planned for the remainder of the year.

For more information, visit harrisschool.uchicago.edu/ppi/.

Dissertations

Impact of Prescription Drug Cost-Sharing on Adherence to Antidepressants and Depression-Related Medical Expenditures

Carolanne Dai

Large increases in out-of-pocket costs for psychotropic drugs may lead to unintended consequences. This includes a reduced adherence to antidepressant treatment regimens and a need for more expensive medical services in lieu of prescription drugs, resulting in greater overall health-care costs.

Dai uses individual health insurance claims and benefit data from 1997 to 2004 to estimate the effect of cost-sharing changes on patients’ adherence to antidepressant drug therapy and on depression-related inpatient, outpatient, and prescription drug expenditures. She finds that higher costs only modestly reduce drug usage, and there are no significant substitutions between antidepressants and depression-related inpatient or outpatient care.

In addition, she found no evidence that increased expenditures on antidepressants are offset by reductions in other medical care spending. Her results suggest that pharmacy cost containment strategies do not play a significant part in controlling psychotropic drug expenditures but may have a greater bearing on indirect costs—such as reduced

workplace productivity and absenteeism—than direct medical costs.

Intimate Partner Violence and STI Risk in the Former Soviet Union: Findings from Ukraine and Kazakhstan

Annie M. Dude

Using data on men and women in Kazakhstan and women in Ukraine, Dude examines associations between intimate partner violence and sexual behaviors, particularly those that increase the risk of infection with HIV or another sexually transmitted infection (STI).

Sexually active men in Kazakhstan who are more tolerant of violence are also significantly less likely to use condoms, more likely to report that their last sexual partner was not a wife or long-term girlfriend, less likely to discuss family planning with their partners, and less likely to get tested for HIV. Women more tolerant of violence do not differ significantly in their sexual behavior from other women in Kazakhstan, apart from being less likely to get tested for HIV. In Ukraine, Dude finds that sexually active women who have been abused by their partners as adults are significantly more likely to report multiple partners and previous STI infection. These abused women are also more likely to be divorced.

Based on the results from these two countries, Dude concludes that measures of intimate partner violence are consistent and significant predictors of many riskier sexual behaviors, as well as increased self-reported STI prevalence in Ukraine.

Essays on Children’s Health Insurance

Lindsey Leininger

Over the past two decades, policy efforts have sought to reduce the number of uninsured low-income children. In a series of essays, Leininger provides new evidence on the impact of these expansions and estimates the effects on children’s access to medical care and health care utilization.

In the first essay, she examines the effects of recent Medicaid expansions on the insurance coverage of poor teenagers—a population that has received considerably less attention than its younger peer group—and finds the expansions greatly increased their public coverage. In the second essay, she examines the effects of coverage on children’s access to and receipt of care. Measuring national variation of the administrative burden associated with Medicaid enrollment and recertification, Leininger’s results suggest that both public and private coverage have a significant impact on care.

In the third and final essay, she examines the relationship between insurance coverage and utilization outcomes. Most children are uninsured for limited periods of time, but very little is known about whether these short spells influence care over a longer period. Estimating the relationship between the duration of coverage over a calendar year and health-care utilization, Leininger finds that each additional uninsured month is associated with a decline in care receipt, suggesting that even short gaps in coverage may indeed jeopardize children’s overall access to medical care.

Bureaucratic Proceduralism in the Cash Welfare and Food Stamp Programs

Malay Majmudar

The administration of benefit programs reflects social values and political priorities and systematically affects who gets what. Majmudar examines the policy consequences of “bureaucratic proceduralism,” that is, the interaction of formal procedural rules and the informal practices through which they are applied, in the cash welfare and Food Stamp (FSP) programs. Bureaucratic proceduralism—which is pervaded by administrative discretion and can operate in ways that are relatively opaque—is of analytical interest when it affects

program participation independently of the substantive status of claimants (for example, personal characteristics such as income, education, and assets) in ways that are not justified by manifest program purposes.

Using the National Survey of America's Families, Majmundar examines the distributive consequences of proceduralism among socioeconomic and racial/ethnic subgroups, the incentive-driven relationship between proceduralism and changes in welfare caseloads and FSP payment error rates, and whether the administrative experiences of FSP claimants were responsive to policy waivers that reduced procedural burdens.

Majmundar's findings suggest that the distributive consequences of proceduralism are skewed along the lines of socioeconomic disadvantage and race/ethnicity, that proceduralism contributed to welfare caseload decline once the deepest reductions had been affected and that it was more salient in the later stages of caseload decline, and that FSP waivers appeared to be effective. Majmundar's findings indicate that proceduralism did not contribute to declines in FSP payment error rates in ways that were independent of the substantive status of claimants.

Provision of Public Goods and Government Regime: The Environmental Kuznets Curve for Carbon Dioxide Emissions

Stephanie T. Waldhoff

The control of carbon dioxide emissions is an important environmental policy problem, as carbon dioxide (CO₂) is emitted from the burning of both fossil fuels and biofuels and is one of the primary greenhouse gases that have been strongly tied to human-induced climate change. Waldhoff explores the relationships between economic factors, citizen-government interaction, and environmental outcomes—specifically, national CO₂ emissions as an indicator of environmental quality.

The inverted U-shape relationship between income and a variety of environmental outcomes, known as the environmental Kuznets curve, has been studied extensively. Although this correlation has been well documented in previous research, there has been relatively little work on the effects of government policy on environmental outcomes and the possible interactions between policy, income, and environmental quality.

Waldhoff expands upon this literature with the inclusion of additional covariates, particularly political indicators. While many studies focus primarily on democracies, autocracy is the most common form of government both historically and in the present. It is important to understand whether there is a variation across regime types (autocracy versus democracy) or whether income may have been partially capturing the effect of government policy as most higher-income countries are democracies. Waldhoff also explores whether there are differences in historical CO₂ emissions between types of democracies—majoritarian versus proportional electoral systems.

Curriculum Notes

The Harris School offered the following courses for the first time during the past year. For more information and full course descriptions, visit harrisschool.uchicago.edu/programs/courses/course_descriptions.aspl.

Topics in Family & Child Policy

Matthew Stagner

This course will provide an overview of the theoretical and pragmatic frameworks for conducting research on and promoting change to policy affecting children and families in the United States. In the course, students will explore the conditions of children and families and discuss the ways in which data can shape definitions of policy problems and responses to

those problems. It will map out the interplay amongst policy stakeholders and examine possible policy levers. These considerations will then be applied to three topical child and family policy issues in depth: child welfare, teen and unintended pregnancy, and child care/ out-of-school time.

Crime Policy

Jens Ludwig

This course covers the causes and consequences of crime, as well as ways to reduce the costs of crime to society. Emphasis will be placed on trying to understand the causal effects of different policy interventions on crime, as well as exploring what can be learned about the benefits and costs of such efforts. Among the topics covered in the course are the costs and benefits of criminal justice programs and policies related to incarceration, policing, and the regulation of drugs, alcohol, and firearms, as well as the influence on crime of public policies in other areas such as education, the environment, health care, and the labor market.

Country Risk Analysis

Karim Pakravan

The objective is to provide students with hands-on experience in country risk analysis. There will be no prerequisites, although previous course work in economics, international finance or global business/political economy will be helpful. The course will be interactive and involve intensive student participation. The instructor will use case studies, as well as material from the IMF/ World Bank, rating agencies, the financial press, government sources, and academic articles. This material will be used to develop case studies on the following issues: 1) comparative country risk techniques and indicators; 2) sovereign debt restructurings; 3) early warning systems; 4) political risk; and 5) individual country studies.

International Organizations in Theory and Practice

Jon Pevehouse

This course examines the theory, process, and policy outcomes surrounding international organizations (IOs), including international non-governmental organizations (INGOs). The course begins with a discussion of the structural challenges facing IOs and then moves to discuss various theories describing the operation of a wide range of IOs. Finally, the course examines several particular cases of IOs and INGOs, highlighting debates concerning their ability to achieve their stated goals.

Poverty and Economic Development

Alicia Menendez

This course will focus on developing countries. We will study causes of poverty and underdevelopment, poverty measurement issues, and policies to improve well-being. We will concentrate on topics such as nutrition and health, education, labor markets, intra-household allocation of resources, and policies to alleviate poverty. Empirical evidence from developing economies will be used extensively.

Organizations and Leaderships

Raaj Sah

No description available

Comparative Regional Integration

Jon Pevehouse

No description available

Non-Credit Mini-Courses

Taught by guest lecturers, these mini-courses are offered during the academic year in a concentrated format.

Credit Analysis and Debt Management

Shawn O'Leary, analyst, Moody's Investors Service

No description available

A Century's Quest for National Consensus on Energy Policy

Vito Stagliano, senior advisor, National Commission on Energy Policy; former U.S. Deputy Assistant Secretary of Energy

The course comprises four lectures and discussions on the history and consequences of U.S. energy policy, from the New Dealers to the NeoCons. The objective of the course is to familiarize students with the ebb and flow of U.S. domestic and international policies and how these have shaped the production, transformation, and consumption of the fuels and technology that power the U.S. economy and relations with other nations. The lectures will aim to establish that there cannot be, in actual fact, a national “energy” policy, given the statutory, legal, and regulatory history that compels distinct treatment of each of the major fuels and technologies involved in providing useful energy to consumers. The lectures will examine social, economic, security, and environmental aspects of energy policy making.

APPENDIX

About the Faculty

- **Christopher R. Berry**, assistant professor, focuses on the political economy of American local government, education policy, and economic development. He is currently engaged in several projects examining how the political organization of state and local government influences fiscal policy and economic performance.
- **Dan A. Black**, professor, focuses on labor economics and applied econometrics and is the author of over sixty papers and two books. He is a senior fellow at NORC and serves as the principal investigator for the 1997 Cohort of the National Longitudinal Survey of Youth.
- **Ethan Bueno de Mesquita**, associate professor, applies game theoretic models to a variety of political phenomena including terrorism, elections and representation, and law and politics. His current research focuses on the use of violence by extremist groups and government reaction, the possibility for negotiated settlement, and how changes in institutional and electoral environments affect electoral and legislative outcomes.
- **Kerwin Kofi Charles**, the Steans Family Professor in Education Policy and research associate at the National Bureau of Economic Research, focuses on a range of subjects in the broad area of empirical labor economics.
- **Don L. Coursey**, the Ameritech Professor of Public Policy Studies, is an experimental economist who is developing reliable measures of the value of public goods—how much we are willing to spend to have clean air. He has published widely on important environmental topics and was brought in during the Exxon Valdez oil spill to help shape the federal response to environmental disasters.
- **Charles L. Glaser**, the Emmett Dedmon Professor in Public Policy and deputy dean, focuses on international relations, especially issues of international security and defense policy. His current policy-oriented research examines U.S. nuclear strategy and forces, including whether the United States should maintain options to preemptively attack rogue-state nuclear forces, deploy national missile defenses, and move toward nuclear disarmament.
- **Jeffrey Grogger** is the Irving B. Harris Professor in Urban Policy. He is an economist who specializes in labor economics, applied microeconomics, applied econometrics, and economics of crime. Most of his research concerns problems of the low-income population. His recent work assesses the effects of welfare time limits and racial profiling. Grogger is the author of *Welfare Reform: Effects of a Decade of Change*.
- **William G. Howell**, associate professor and director of the Program on Political Institutions, has written widely on separation-of-powers issues and American political institutions, especially the presidency. His recent research examines how domestic political institutions constrain the president's ability to exercise military force abroad. Howell is coauthor (with Jon Pevehouse) of *While Dangers Gather: Congressional Checks on Presidential War Powers*.
- **Ariel Kalil**, associate professor and director of the Center for Human Potential and Public Policy, is a developmental psychologist who studies how economic conditions affect child and family functioning. She is currently conducting a multi-method study of the effects of parental job loss on family life and child development.

- **Robert J. LaLonde**, professor, specializes in a wide variety of workforce development issues, including the effectiveness of worker training programs and the effects of immigration on the labor force. LaLonde is leading research examining women in Illinois prisons and their children, and the employment prospects of young men after they are paroled from prison.
- **Jens Ludwig** is Professor of Social Service Administration, Law, and Public Policy in the School of Social Service Administration and an affiliate professor in the Harris School. His research focuses on social policy, particularly in the areas of urban poverty, education, crime, and housing policy.
- **Ofer Malamud**, assistant professor, primarily conducts research in labor and education economics. His recent work examines the different outcomes associated with vocational and general education, as well as the timing of academic specialization in college. He has also examined the effects of major federal student aid programs on later geographic mobility.
- **Willard G. Manning**, professor, is a health economist and has investigated the effects of alternative insurance arrangements on health-care costs and health outcomes. As a result, he works on statistical and measurement issues in modeling the use of health services. He also investigates issues in the economics of poor health habits.
- **Howard Margolis**, professor, studies social theory, particularly the underpinnings of individual choice and judgment that shape aggregate social outcomes. His career has also included stints as a correspondent for the *Washington Post* and the *Bulletin of the Atomic Scientists* and as a speechwriter for the Secretary of Defense.
- **Ioana Marinescu**, assistant professor, has broad interests in the areas of labor and public economics and focuses on the effect of institutions and policies on economic outcomes. She studies how labor market regulations, such as firing restrictions, affect workers' outcomes on the labor market and firms' human resources management.
- **Susan E. Mayer**, professor and dean of the Harris School, is a widely published scholar on issues related to poverty and income inequality, including her book *What Money Can't Buy: Family Income and Children's Life Chances*. Mayer is a member of the Government Accountability Office Educators' Advisory Panel, Chapin Hall Center for Children's Board of Directors, and two National Academy of Sciences committees.
- **David O. Meltzer**, associate professor in the Departments of Medicine and Economics and the Harris School, studies the effects of medical technology and specialization on the cost and quality of care. He is currently completing a randomized trial comparing the use of doctors who specialize in inpatient care ("hospitalists") with traditional physicians in six academic medical centers. Meltzer directs the Center for Health and the Social Sciences.
- **Bruce D. Meyer**, the McCormick Tribune Professor, researches tax policy, welfare policy, unemployment insurance, workers' compensation, the measurement of poverty and well-being, minority entrepreneurship, the health-care safety net, and labor supply. Meyer has served as adviser to several federal departments and state governments, including the U.S. Department of Labor and the State of New York.

- **Colm A. O’Muircheartaigh**, professor, is working to improve the way social scientists study the human condition, specializing in methodological issues in survey design and measurement. O’Muircheartaigh is also senior fellow at NORC, directing methodology and design work on major U.S. surveys. He has served internationally as a consultant to the United Nations and the OECD, among other organizations.
- **Jon Pevehouse**, associate professor, has written widely on international organizations and international political economy issues in the field of international relations. His most recent work focuses on American foreign policy and how domestic political institutions constrain the president’s ability to exercise military force abroad. Pevehouse is coauthor (with William G. Howell) of *While Dangers Gather: Congressional Checks on Presidential War Powers*.
- **Tomas J. Philipson** is a professor in the Harris School and an affiliated faculty member in the Department of Economics. His expertise in health economics finds him a frequent consultant to corporations and governments worldwide, including as the Senior Economic Advisor to the Commissioner of the FDA.
- **Marcos A. Rangel**, assistant professor, studies the intricacies of family decision making and its effects on well-being. His work has focused on the effects of alimony rights, child support, property rights, and other public policies on decisions regarding family formation and intrahousehold allocation of resources both in developing and developed countries. His most research focuses on human capital investments within mixed-race families.
- **Raaj Sah** is a professor in the Harris School and the College, and an associated faculty member in the Department of Economics. He has studied and taught economics, business, and related disciplines. Among the many areas on which he has written are taxation, public finance, organizations, and crime and corruption.
- **Diane Whitmore Schanzenbach**, assistant professor, is a labor economist who researches education policy, ranging from the effects of No Child Left Behind to the link between obesity and school lunches. She previously worked for the President’s Council of Economic Advisers and recently completed a large-scale study of education reform.
- **Boris Shor**, assistant professor, studies Congress, the presidency, and the consequences of the separation of powers system. In current research, he examines the politics of the geographic distribution patterns of federal spending, and analyzes state legislative ideology in comparative context and the connection to cross-state policy differences.
- **Duncan J. Snidal** is an associate professor in the Harris School and the Department of Political Science, and is the chair of the Committee on International Relations. His research focuses on international relations with an emphasis on international political economy and institutions. He is currently working on the role of international institutions, including law and formal organizations, in promoting cooperation.
- **Wesley Yin**, assistant professor, applies economic analysis to the study of health, health care, microfinance, and insurance markets. Yin’s most recent work studies the diffusion of medical technologies, how behavioral economics can help to mobilize savings, and how information and competitive forces impact the delivery of health care.

INDEX

- Berry, Christopher R., about, 44
- Berry, Christopher R., named the Best Professor of a Core Course, 35
- Berry, Christopher R. and Sarah Anzia, “The Jackie (and Jill) Robinson Effect: Congresswomen and the Distribution of Federal Spending” (working paper), 32
- Berry, Christopher R. and Jacob E. Gersen, “The Fiscal Consequences of Electoral Institutions” (working paper), 33
- Berry, Christopher R. and William G. Howell, “Holding Incumbents Accountable in Local Elections” (policy brief), 3–5
- Berry, Christopher R., Nolan McCarty, and Boris Shor, “A Bridge to Somewhere: Mapping State and Congressional Ideology on a Cross-Institutional Common Space” (working paper), 33
- Berry, Christopher R. and Martin West, “Growing Pains: The School Consolidation Movement and Student Outcomes” (working paper), 25–26
- Black, Dan A., about, 44
- Black, Dan A., Jose Galdo, and Jeffrey A. Smith, “Evaluating the Worker Profiling and Reemployment Services System Using a Regression Discontinuity Approach” (*American Economic Review*, May 2007), 28
- Black, Dan A., Seth G. Sanders, and Lowell J. Taylor, “The Economics of Gay and Lesbian Families” (policy brief), 6–8
- Bueno de Mesquita, Ethan, about, 44
- Center for Human Potential and Public Policy, 37–38
- Charles, Kerwin Kofi, about, 44
- Charles, Kerwin Kofi, Erik Hurst, and Nikolai Roussanov, “Conspicuous Consumption and Race” (policy brief), 9–11
- Charles, Kerwin Kofi, named the Steans Family Professor in Education Policy, 35
- Coursey, Don L., about, 44
- Cultural Policy Center, 38
- Curriculum notes, 41–43
- Dai, Carolanne, “Impact of Prescription Drug Cost-Sharing on Adherence to Antidepressants and Depression-Related Medical Expenditures” (dissertation), 39–40
- Dean’s Message, 1
- Dude, Annie M., “Intimate Partner Violence and STI Risk in the Former Soviet Union: Findings from Ukraine and Kazakhstan” (dissertation), 40
- Faculty in the News, 35–36
- Glaser, Charles L., about, 44
- Glaser, Charles L., “Can the World Ever Truly Abandon Nuclear Weapons?” (policy brief), 12–14
- Grogger, Jeffrey, about, 44
- Grogger, Jeffrey and Lynn Karoly, “The Effects of Work-Conditioned Transfers on Marriage and Child Well-Being: A Review” (working paper), 29–30
- Howell, William G., about, 44
- Howell, William G. and Christopher R. Berry, “Holding Incumbents Accountable in Local Elections” (policy brief), 3–5
- Howell, William G., Martin R. West, and Paul E. Peterson, “What Americans Think about Their Schools” (*Education Next*, Fall 2007), 26
- Kalil, Ariel, about, 44
- Kalil, Ariel and E. Michael Foster, “Living Arrangements and Children’s Development in Low-Income White, Black, and Latino Families” (*Child Development*, November/December 2007), 24

- Kalil, Ariel and Lindsey Leininger, “Cognitive and Non-Cognitive Predictors of Success in Adult Education Programs: Evidence from Experimental Data with Low-Income Welfare Recipients” (forthcoming, *Journal of Policy Analysis and Management*), 30
- Kalil, Ariel, Ruby Mendenhall, Cassie Hart, and Laurel J. Spindel, “Job Loss at Mid-Life: Managers and Executives Face the ‘New Risk Economy’” (forthcoming, *Social Forces*), 28–29
- Kalil, Ariel and Kathleen M. Ziol-Guest, “Parental Employment Circumstances and Children’s Academic Progress” (*Social Science Research*, August 2007), 24
- LaLonde, Robert J., about, 45
- LaLonde, Robert J., “The Case for Wage Insurance” (*Council Special Report*, Council on Foreign Relations), 29
- LaLonde, Robert J. and Kristin Butcher, “The Long View: Women and Welfare after Prison” (policy brief), 15–17
- Leininger, Lindsey, “Essays on Children’s Health Insurance” (dissertation), 40
- Ludwig, Jens, about, 45
- Ludwig, Jens, ongoing research, 25
- Ludwig, Jens et al., “Underground Gun Markets” (*Economic Journal*, November 2007), 24–25
- Ludwig, Jens and Jeffrey R. Kling, “Is Crime Contagious?” (*Journal of Law and Economics*, August 2007), 25
- Majmundar, Malay, “Bureaucratic Proceduralism in the Cash Welfare and Food Stamp Programs” (dissertation), 40–41
- Malamud, Ofer, about, 45
- Malamud, Ofer, “Discovering One’s Talent: Learning from Academic Specialization” (working paper), 26
- Malamud, Ofer and Cristian Pop-Eleches, “The Effect of Postponing Tracking on Access to Higher Education: Evidence from a Regression-Discontinuity Design” (working paper), 26–27
- Manning, Willard G., about, 45
- Manning, Willard G. and Randall P. Ellis, “Optimal Health Insurance for Prevention and Treatment” (*Journal of Health Economics*, December 2007), 27–28
- Margolis, Howard, about, 45
- Margolis, Howard, *Cognition and Extended Rational Choice* (Routledge 2007), 34
- Margolis, Howard, “A Note on Neglect Defaulting” (working paper), 34
- Margolis, Howard, “QRE, NSNX and the Paradox of Voting” (forthcoming, *Journal of Theoretical Politics*), 34–35
- Marinescu, Ioana, about, 45
- Marinescu, Ioana, “Shortening the Tenure Clock: The Impact of Strengthened U.K. Job Security Legislation” (working paper), 29
- Marinescu, Ioana and Philippe Aghion, “Cyclical Budgetary Policy and Economic Growth: What Do We Learn from OECD Panel Data?” (working paper), 32
- Mayer, Susan E., about, 45
- Mayer, Susan E. and Leonard Lopoo, “Can State Spending Increase Economic Opportunity?” (policy brief), 18–19
- Meltzer, David O., about, 45
- Meltzer, David O., “Drug Safety: Risks and Benefits of Risk-Management Plans” (policy brief), 20–21
- Meltzer, David O. and Anirban Basu, “The Value of Information on Preference Heterogeneity and Individualized Care” (*Medical Decision Making*, March/April 2007), 28

- Meyer, Bruce D. about, 45
- Meyer, Bruce D. “The U.S. Earned Income Tax Credit, Its Effects, and Possible Reforms” (working paper), 31
- Meyer, Bruce D. and James X. Sullivan, “Consumption and Income Poverty for Those 65 and Over” (working paper), 30–31
- Meyer, Bruce D. and James X. Sullivan, “Further Results on Measuring the Well-Being of the Poor Using Income and Consumption” (working paper), 30
- Meyer, Bruce D. and James X. Sullivan, “Reporting Bias in Studies of the Food Stamp Program” (working paper), 31
- O’Muircheartaigh, Colm A., about, 46
- Pevehouse, Jon, about, 46
- Pevehouse, Jon, ongoing research, 33
- Philipson, Tomas J., about, 46
- Philipson, Tomas J., awarded the 2007 Eugene Garfield Economic Impact of Medical and Health Research Award, 35
- Philipson, Tomas J., Gary S. Becker, and Kevin M. Murphy, “The End of Life: The Value of Life and Terminal Care” (policy brief), 22–23
- Program on Political Institutions, 39
- Rangel, Marcos A., about, 46
- Sah, Raaj, about, 46
- Schanzenbach, Diane Whitmore, about, 46
- Schanzenbach, Diane Whitmore and Hilary W. Hoynes, “Consumption Responses to In-Kind Transfers: Evidence from the Introduction of the Food Stamp” (working paper), 31–32
- Schanzenbach, Diane Whitmore and Derek Neal, “Left Behind by Design: Proficiency Counts and Test-Based Accountability” (*Milken Institute Review*, January 2008), 27
- Shor, Boris, about, 46
- Shor, Boris, *Rich State, Poor State, Red State, Blue State: How Americans are Polarized and How They’re Not* (forthcoming, Princeton University Press), 33–34
- Shor, Boris, Christopher R. Berry, and Nolan McCarty, “A Bridge to Somewhere: Mapping State and Congressional Ideology on a Cross-Institutional Common Space” (working paper), 33
- Snidal, Duncan J., about, 46
- Waldhoff, Stephanie T., “Provision of Public Goods and Government Regime: The Environmental Kuznets Curve for Carbon Dioxide Emissions” (dissertation), 41
- Yin, Wesley, about, 46

The University of Chicago
The Irving B. Harris Graduate School of Public Policy Studies
1155 East 60th Street, Chicago, IL 60637, USA
773.702.8400 Phone
773.702.0926 Fax
harrisschool.uchicago.edu



THE HARRIS SCHOOL
PUBLIC POLICY | THE UNIVERSITY OF CHICAGO

1155 East 60th Street, Chicago, IL 60637