Lukas Althoff  
lalthoff@princeton.edu

Lukas is a fifth-year Ph.D. student in Economics at Princeton University. His research focuses on applied microeconomics & inequality. He is on the academic job market this year. In his job market paper, he studies the long-run effects of oppressive institutions on racial inequality in the US.

Abstract:

The Geography of Black Economic Progress After Slavery  
Lukas Althoff, Princeton University  
Hugo Reichardt, London School of Economics

This paper studies the long-run effects of institutionalized oppression on racial inequality in the US. We show that today, the socioeconomic status of Black Americans is lower than that of white Americans in large part due to historical oppression. We trace a family's records from 1850 to 2000 and measure their exposure to slavery and Jim Crow. We then first document that Black families who were enslaved until 1865 continue to have considerably lower education, income, and wealth. Second, we show this persistence is entirely driven by post-slavery oppression under Jim Crow. To do so, we use a regression discontinuity design that compares the outcomes of families who were freed across state borders with more or less stringent Jim Crow laws. We find that states with more oppressive regimes sharply reduced Black economic progress in the long run. Black families' limited access to human capital under Jim Crow was a key mechanism. Using quasi-experimental variation, we show that providing school access led to large increases in human capital with sizable intergenerational spillovers.

Alex Chan  
chanalex@stanford.edu

Abstract:

Discrimination and Quality Signals: A Field Experiment with Healthcare Shoppers

This paper provides evidence that deniable prejudice and biased beliefs about doctor quality are important drivers of customer discrimination in the market for doctors. I evaluate customer
preferences in the field with an online platform where cash-paying consumers can shop and book a provider for medical procedures based on a novel experimental paradigm. Actual paying customers evaluate doctor options they know to be hypothetical to be matched with a customized menu of real doctors, preserving incentives. Racial discrimination reduces patient willingness to-pay for Black and Asian doctors by 12.7% and 8.7% of the average colonoscopy price respectively; customers are willing to travel 100–250 miles to see a white doctor instead of a Black doctor, and somewhere between 50–100 to 100–250 miles to see a white doctor instead of an Asian doctor. Providing signals of doctor quality reduces this willingness-to-pay racial gap by about 90%. Willingness-to-pay penalties on minority doctors are multiples of actual average racial quality differences and even the difference between doctors in highest and lowest quality levels. This field evidence rejects the focus on only traditional taste-based and statistical discrimination as the sources of the observed discrimination in favor of behavioral mechanisms like deniable prejudice and biased beliefs. Actual booking behavior allows cross-validation of incentive compatibility of the stated preference elicitation. (JEL Codes: J71, I11, L15, L86, M31)

Daniela Goya-Tocchetto

dg217@duke.edu

Duke University

Abstract:

Economic Inequality Reduces Minimum Wage Prescriptions

Daniela Goya-Tocchetto, Duke University
Richard Larrick, Duke University
M. Asher Lawson, INSEAD
Kieth Payne, University of North Carolina at Chapel Hill

With a growing public interest in the topic of economic inequality, social scientists are examining how minimum wages might ameliorate (or perpetuate) inequality. A frequent prescription is to use a higher minimum wage to help decrease income inequality. The current research asks a different causal question: Does the degree of current income inequality affect how people think about setting an appropriate minimum wage? Across 7 studies (N = 8532) using both archival data and experimental methods, we find evidence suggesting that higher economic inequality leads people to prescribe lower minimum wages. We suggest that this effect is a result of descriptive-to-prescriptive reasoning—i.e., a tendency to infer norms about how the world should be from descriptions of how the world is. When greater inequality is driven by higher incomes at the top of the distribution, people at the bottom of the distribution end up earning lower incomes. And, as a result of descriptive-to-prescriptive reasoning, people tend to infer that those at the bottom of the distribution need fewer resources to meet basic needs (prescriptive reasoning) because of the fact that they have fewer resources in the first place (descriptive reasoning). Thus, our work suggests that one way in which people end up perpetuating inequality is by prescribing lower minimum wages when inequality is higher.

Laura Weiwu

lyz@mit.edu

Laura is a 5th year PhD student in economics at MIT and is interested in topics related to urban
inequality, infrastructure, and spatial and economic mobility.

**Abstract:**

**Why Did Interstate Highways Increase Inequality in Cities? Segregation, Institutional Exclusion, and Racial Disparities**

This paper investigates how urban interstate roads impacted welfare by race and education and their interaction with exclusionary institutions that segregated neighborhoods in American cities. I develop a general equilibrium framework to study the commuting benefits and localized costs of highways, and estimation draws upon newly digitized maps of historical urban roads and group-specific commute flows from restricted Census microdata in 1960 and 1970 for 25 cities. Embedding a border discontinuity design into residential choice conditions with redlining maps delineating exclusive neighborhoods, I find that exclusionary institutions contribute to the spatial concentration of the Black population. Sorting on housing prices and preferences for racial composition only partially account for their segregation. In contrast, institutions play no role in White residential locations. Highways lower welfare for the less-educated Black population (-1%) as localized costs more than offset commuting benefits, and they raise welfare for the higher-educated White population (5%), increasing inequality. In a counterfactual simulation where exclusionary barriers are removed, Black households reside less in the path of highway construction and their welfare changes are on net higher. These results highlight how institutions determine the spatial distribution of racial groups and the disparate incidence to place-based shocks such as infrastructure.