

Comments on Dora L. Cost and Matthew E. Kahn

**“PUBLIC HEALTH AND MORTALITY:
WHAT CAN WE LEARN FROM THE PAST?”**

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This welcome addition to the history and evaluation of public health investments is part of the authors' impressive research programs on urban policy, health, and aging. It delivers stimulating conclusions on these six issues:

- (1) What made cities invest in health and sanitation?
- (2) Did greater expenditures on “redistribution” have the “unintended consequence” of attract immigrants?
- (3) Did greater “redistribution” have the further “unintended consequence” of crowding out private charity?
- (4) What effects did these urban expenditures, and other forces, have on the mortality of white and blacks, of rich and poor?
- (5) Would we say the money was well spent, given its effects on health?
- (6) Did people at the time value higher expenditures, as revealed by their residential choices?

What Made Cities Invest in Public Health?

One robust determinant of cities' and states' spending on sanitation and disease control forces us to amend a developing consensus about the role of

ethnic divisions. Costa and Kahn emphasize that a higher share of blacks in the population actually raised voters' demand for public sanitation and disease control. Agreeing with them is Werner Troesken's just-published book *Water, Race, and Disease*, which concludes that black populations were at least as targeted as whites in decisions about investing in more sanitary water delivery and waste removal. Yet a larger literature seemed at first glance to have found the opposite: Greater ethnic fractionalization made local and national governments invest less in social spending of all the main kinds -- public health, schools, pensions, welfare, and unemployment compensation.¹

The conflict is clear, yet the two sets of findings are both plausible and can be reconciled with each other. What the Costa-Kahn and Troesken findings have revealed is that white policymakers saw a clear case for providing blacks with better sanitation and disease control, not with the broader kinds of public health and income security provided after World War II. On the broader fronts, ethnic divisions do indeed cut public willingness to make public investments of most kinds. Sanitation and disease control evoked a different response, however. Even the most racist city politician could see that there was a case for providing cleaner water and other disease preventions to blacks, in the interests of saving white lives. The authors' Table 1 makes this point quite effectively.

Unintended Consequences of Redistribution?

The authors next argue that cities' "redistributive" expenditures could have had two unintended consequences: attracting immigrants, and crowding out private charitable contributions. They find no clear effect on immigration, but they do find significant crowding out of private charity. Omitting this brief section would have strengthened the chapter, in my view.

To get the right perspective, one needs to recall that the amounts taxed and spent were small.² They probably should not be billed as “redistribution,” as if the results offered commentary on the broader progressive redistributions of the welfare state. The three expenditure measures were really just local public health and sanitation, with some small amounts of municipal charity added into one of the three measures.

The effect on immigration was null, as one might expect given the small amounts of redistribution. Still, if they had attracted immigrants, why package that as an “unintended consequence”? In the Tiebout tradition, we imagine that local public expenditures were often *intended* to attract the kinds of immigrants that valued such things, bidding up property values in the process. If the Tiebout migrants happened to be foreign born, does that make their arrival “unintended”? This question would have been compelling had the authors found a strong tendency to attract immigrants. They found no such effect, however, allowing us to set this issue aside.

The “crowding out” of private charity is another issue that should probably not have been invoked here. The authors are content to say that an unreported regression shows a significantly negative impact on private charity from municipal expenditures on health, sanitation, and charities in 1907. Yet one cannot judge the seriousness of the “unintended crowding out” without knowing how many cents or dollars are crowded out by each dollar of the relevant public expenditure. Past studies have run afoul of this point by emphasizing crowding out when their results really showed that each dollar of public expenditures crowded out only seven or fourteen cents of private charity. I cannot tell whether the authors got a steeper slope, because neither the text nor their Figure 1 makes the units of measurement clear enough to calculate such a slope. In any case, their mortality results show that the extra public spending on health and sanitation did save lives. Crowding out could not have been so serious as to cancel the life saving, apparently.

Saving Lives, by Race and Class

Costa and Kahn muster an impressive array of tests to explore how local expenditures and city size affect the mortality of white children and black children. They subject various data sets in the 1910-1940 era to all the controls and cross-tests one could reasonably request. The samples include sets of individual women, sets of cities, and all the 48 states. The regressions are tailored to fit the likely behavior of the error terms, ranging from OLS to weighted GLS to tobit, with and without instrumental variables. The public policy variables are alternatively flows and stocks, to explore the different dynamics that theory would suggest.

Their results leave no doubt that white infants' lives were saved when sanitation and disease control were introduced and extended. Black children should also have been spared, especially in view of their, and Troesken's, finding that cities made sanitation and disease control facilities as available to blacks as to whites. Here, however, Costa and Kahn alert us to the puzzling mix of results on how sanitation investments affected the survival of black children between 1910 and 1940. Some tables give the result we would hope for and expect. Black children's infant mortality was reduced by city health expenditures in two kinds of tests (Tables 7 and 8). Other tables give the opposite result, however (Tables 2-5).

Costa and Kahn also warn that the puzzling cases in which better public health investments seemed to kill extra black children cannot be just a byproduct of their poverty. For one thing, other tests (again, their Tables 7 and 8) contradict this pessimism by showing better child survival rates in cities where more was spent on sanitation and disease control. For another, their separate analysis of white child mortality shows that public health expenditures benefited non-

homeowners' children more than homeowners' children, which speaks against a simple poverty story. The mixed nature of the results for mortality among black children challenges us to keep digging deeper, even though Costa and Kahn have given this issue all the attention one could ask of one study.

Valuing the Better Health

Finally Costa and Kahn derive estimates to show how much more people paid for housing in cities with lower child mortality. They do find the predicted effect. As of 1917-1919, households' housing behavior implied that their were about nine percent more benefits than costs from cities' investments in public health, with the influence working through the child mortality channel. They infer, plausibly, that cities were under-investing in public health improvement. This final step, like their extensive tests on the determinants and the mortality effects of city health investments, advances our understanding to the next level. Further work on the returns to public health investments in America must build on this study's findings and puzzles.

REFERENCES CITED

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ENDNOTES

¹ See Troesken (2004), Easterly and Levine (1997), Alesina *et al.* (1999), Lindert (2004, Chapters 7 and 15 and Appendix E), and the studies cited Costa and Kahn in the context of ethnic divisions.

² In 1900-1902, for example, the public expenditures for “charities” in the Legler-Sylla-Wallis data set averaged about 0.68 percent of GDP.