Desegregation and the Achievement Gap: Do Diverse Peers Help?

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Abstract

Focusing on the context of educational achievement, I develop conditions under which the effect of peer behavior can be separately identified from peer characteristics and unobserved group effects under minimal parametric assumptions. The treatment of students as optimizing agents suggests natural exclusion restrictions, factors that shift a student’s best response independently of his peers’, thus identifying the response of an individual’s achievement to changes in peer achievement. Strategic student leisure choices provide a means of controlling for unobserved heterogeneity, which may bias estimates of the peer effect. Using a detailed panel data set of North Carolina Public Elementary School students, I assess the effect of classroom desegregation on the achievement of white and nonwhite students, isolating the previously unexplored peer effect aspect. Applying flexible quantile estimators, I find that there is considerable heterogeneity in responses to peers across achievement quantiles, gender and race subgroups with evidence that students respond only to “like” peers, classmates of the same race and gender. Applying these estimates to the case of Winston-Salem Forsyth, a school district that has witnessed a large increase in segregation in recent years, I find that on average white and nonwhite achievement is higher under the more segregated regime, since each student has a higher probability of being placed with ”better” peers of the same race/gender. Further, nonwhite students benefit relatively more on average, serving to narrow the achievement gap.

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