Lecture Note for EC 1370, April 22 Prof. Glenn C. Loury

A. Here is a summary of the main points made by various authors in the AJS Symposium on the Move To Opportunity experiment which we have been reading:

- 1) Clampet-Lundquist and Massey Summary
 - a) Moving to Opportunity housing mobility experiment heretofore has not provided strong evidence that moving to a better neighborhood enhances economic self-sufficiency among adults.
 - b) Authors analyze study's design and implementation, focusing on the selection processes that occur within the study.
 - c) They show that selectivity matters in several ways:
 - i) determining who complied with the program's requirements
 - ii) affecting who entered integrated versus segregated neighborhoods
 - iii) influencing who left neighborhoods after initial relocation.
 - d) Finally, previous research has not found an experimental treatment effect on adult economic selfsufficiency, relative to controls. The authors propose as measurement of the cumulative amount of time spent in different neighborhood environments as an alternative research design. With this method, they find evidence that improving the quality of residential neighborhood does, in fact, lead to improvement in self-sufficiency outcomes such as employment, earnings, TANF receipt, and use of food stamps
- 2) Ludwig et al. Summary
 - a) Estimates from MTO experiments show no significant impacts of moves to lower-poverty neighborhoods on adult economic self-sufficiency four to seven years after random assignment.
 - b) The authors disagree with Clampet-Lundquist and Massey. MTO was not a weak intervention and the experiment is, in fact, informative about (the absence of) neighborhood effects.
 - c) MTO produced large changes in neighborhood environments
 - i) MTO improved adult mental health
 - ii) It also improved many outcomes for young females.
 - d) Clampet-Lundquist and Massey's claim that MTO experimental estimates are plagued by selection bias is erroneous.
 - e) Their new non-experimental estimates are uninformative because they add back the selection problems that MTO's experimental design was intended to overcome.

3) Sampson Summary

- a) The MTO housing experiment is an important intervention not just in the lives of the poor, but in social science theories of neighborhood effects.
- b) The author assesses the debate between Clampet-Lundquist and Massey and Ludwig et al. by clarifying a number of analytically distinction questions posed by neighborhood-level theories.
- c) The author re-conceptualizes selection bias as a fundamental social process worthy of study in its own right rather than a statistical nuisance.
- d) He also reconsiders the scientific method of experimentation, and hence causality, in the social world of the city.
- e) Finally, the author also analyzes MTO and independent survey data from Chicago to examine trajectories of residential attainment. Though MTO provides crucial leverage for estimating neighborhood effects on individuals, as proponents rightly claim, this study demonstrates the implications imposed by a stratified urban structure and how MTO simultaneously provides a new window on the social reproduction of concentrated inequality.

- B. Here is a (very) brief overview of scholarship and ideas related to concentrated urban poverty
- 1) Ghettos: concentrated spatial distribution of urban population by race/income.
 - a) Concentration matters because of *externalities* (socio-economic and normative)
 - b) Key question is whether, and to what extent, spatial concentration is voluntary or enforced
 - c) Choice of location can imply *selection effects* which complicates the problem of inferring causal effects of neighborhood on social outcomes
 - d) Social capital and cultural capital important for life outcomes and partially mediated through location.
 - e) Three research methods for assessing the impact of ghettos on social outcomes for residentsi) Ethnographic (Anderson, e.g.)
 - ii) Careful statistical analysis of observational data (Glazer and Cutler, e.g.)
 - iii) Social experiments with random assignment (MTO, e.g.)
- 2) Digression on the history of race segregation in American Cities:
 - a) Pattern shows a sharp increase in urban racial segregation 1900 1970, and decline since
 - b) Larger cities, especially in North and Midwest, are most segregated
 - c) Rise of segregation spurred by arrival of blacks =
 - d) Initially, segregation enforced through whites legal exclusion of blacks, more recently through their moving so as to avoid contact with blacks
 - e) Government at all levels played crucial role in creation and maintenance of ghettos
 i) Redlining in mortgage lending, including federally provided/subsidized loans
 - ii) Urban renewal projects, public housing siting, highway construction decisions
 - f) Zoning laws and restrictive convenant
- 3) Note the influential work in this area of the sociologist William Julius Wilson
 - a) Wilson's books, *Declining Significance of Race* (1978), *The Truly Disadvantaged* (1987) and *When Work Disappears* (1996) set the framework for much subsequent investigation.
 - b) Big themes in Wilson's work
 - i) Race vs. class affects must be conceptualized and distinguished (1978)
 - ii) Concentrated poverty is different (worse) (1987)
 - iii) Flight of black middle class from center-city ghettos exacerbated plight of those left behind
 - iv) Behavioral problems are real, persistent and debilitating for urban poor (1978, 1987, 1996)
 - v) Lack of employment is key constraint trapping the poor (1996)
 - vi) The political debate framed in terms of structural versus cultural theories, and in terms of individual versus social responsibilities. Solidarity (or lack thereof) key to understanding difference between European social policy and that in the US.
 - c) "Spatial mismatch" and "marriageable pool" hypotheses illustrate Wilson's causal thinking