

# Discussion of Hellerstein, Neumark & McInerney, 'Spatial Mismatch or Racial Mismatch'

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## Summary

- Black men are more likely to be employed if they live in places with a higher employment rate.
- The employment rate of blacks matters more than the employment rate of whites.
- Thus racial mismatch (due to discrimination or networks) is more important than spatial mismatch.

## Sex and the City

- Men's locational decisions are not solely determined by jobs.
- Single men may be more likely to relocate to areas with more single women.
- Married men may be more likely to work if the female employment market is bad.
- If relationships are mostly within-race, these within-race patterns may accentuate within-race employment correlations.

## House-Work

- Zipcodes where housing is expensive are unaffordable if you do not have a job.
  - This will look like spatial mismatch
- If the northern half of a zipcode is black, and the southern half is white, and housing quality is more correlated within each zone, then this will lead to employment correlations within each half
  - This will look like racial mismatch

## Culture

- “In short, social isolation deprives inner-city residents not only of conventional role models, whose strong presence once buffered the effects of neighborhood joblessness, but also of the social resources (including social contacts) provided by mainstream social networks that facilitate social and economic advancement in a modern industrial society. This form of social isolation also contributes to the formation and crystallization of ghetto-related cultural traits and behaviors”

- Wilson, *When Work Disappears*, 1999, p66

## Culture

- Austen-Smith and Fryer (2005) posits that black men have a choice between investing in two different peer groups.
- Those who invest in skills (and, perhaps, high-skill jobs) pay a cost: they are accused of ‘acting white’.
- Plausibly, this cost will be higher if there are more unemployed black men in your neighborhood.

## Still Man Inc

- The jobs hypothesis can be thought of as follows.
- *Still Man Inc* sets up in a neighborhood.
  - How does black employment change if *Still Man* creates 10 new jobs?
  - How does black employment change if *Still Man* (a company that is 50% white already) creates 10 new jobs?

## The LEWers

- The culture hypothesis can be thought of as follows.
- A new gang, ‘The LEWers’ sets up in a neighborhood:
  - How does black employment change if the LEWers has 10 new spots?
  - How does black employment change if the LEWers (an all-black gang) has 10 new spots?

## Mismatched Thoughts I

- Are the results sensitive to sample selection?  
(And are 42% of black men aged 16-64 really in school?)
- Does treatment of Hispanics matter?
- Be very clear that job density measures exclude the individual (so a respondent's employment isn't on both LHS & RHS).

## Mismatched Thoughts II

- Some direct evidence on commuting times by race and education would be nice (even if endogenous). Should we think about time costs too?
- Since you also have the 1990 long-form, can you estimate the model as a panel?

## Mismatched Thoughts III

- To address the possibility of local economic shocks, the authors use MSA FE, identifying only off within-MSA variation.
- But what about addressing the issue of endogenous location by using the composition of the large area (eg. MSA) to instrument for small-area characteristics?

## What Is To Be Done?

- Hellerstein, Neumark & McInerney argue that because spatial mismatch isn't critical, programs to help blacks travel to jobs won't have much impact.
- But isn't policy efficacy important too?
- What if transport is more amenable to government intervention than discrimination or job-finding networks?
- Are 'Lawsuits for Labor' or 'Contacts for Careers' really going to be more effective than 'Wheels to Work'?