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ECONOMIC INFUSION

Fixing America's Heartland

IN FLINT, MICHIGAN, more than half the men between the ages of 25 and 54 are unemployed—and no longer looking for work either, 2016 data show. The city has become mired in poverty, substance abuse, and homelessness. These problems echo across America's heartland. In a new research paper published by the Brookings Institution, Eliot University Professor Lawrence H. Summers, Glimp professor of economics Edward Glaeser, and third-year

doctoral student Benjamin Austin argue that the best way to help such chronically depressed and jobless areas—particularly the states east of the Mississippi River extending from Mississippi to Michigan—is by implementing policies that explicitly promote job creation in that region.

Historically, U.S. economists have advocated geographically uniform policies that help low-income individuals across the entire country. Yet one of the most famous ex-

ceptions to this theory—the place-based Tennessee Valley Authority, established in 1933—not only delivered electricity and improved infrastructure in one of the poorest parts of the country, but also increased agricultural employment in the region.

For their paper, the researchers focused on men in the 25 to 54 age range because this group, until recently, has had very *high* levels of employment. The current negative effects associated with joblessness in

this cohort—relatively high rates of opioid abuse, suicide, mental-health problems, and imprisonment—make it especially urgent to understand the nature of their non-employment (i.e., their failure to search for work in the preceding four weeks), and its secondary effects on their communities. The researchers determined that clustered populations of non-employed men can lead to lower demand for local products: because the non-employed lack the money to support local businesses, the resulting decreased demand may prompt layoffs of other local workers—further reducing regional labor opportunities. Widespread non-employment can also undermine the stigma of not working, creating a self-reinforcing culture, especially if those not working tend to spend time in one another's company.

According to the authors, the



strongest justification for implementing place-based policies to remedy this entrenched problem is that “a dollar spent fighting non-employment in a high not-working-rate area will do more to reduce non-employment than a dollar spent fighting non-employment in a low not-working-rate area”—even though, as Austin acknowledges, “historically some place-based policies have been very expensive relative to the outcome...” They discuss in the paper some studies of prior place-based policies that found that interventions “did generate jobs, but sometimes at a very high cost per job.” A 2013 study of enterprise zones in the United States, for example, “found that each job cost about \$18,000 to create, which is actually at the low end of the spectrum....[Other studies] suggest the cost per job can be significantly higher... and therefore the evidence on the cost effectiveness of these programs is mixed.”

To address that issue, the authors recom-

mend an intervention based on strengthened employment subsidies, such as through an expanded Earned Income Tax Credit. Although that benefit is currently constructed to benefit single parents, who are often women, the paper suggests it could be modified to target men of prime working age in distressed regions by means of a uniform hourly wage subsidy, which the authors’ analysis shows would disproportionately benefit those areas. Place-based policies that explicitly offer subsidies to Americans living in certain geographic regions might also work, the authors write—while cautioning that such subsidies could encourage migration to those regions, in turn causing an unwanted increase in housing costs and rents that disproportionately benefits homeowners and landlords. “It’s possible that those costs might partially offset the positive impact of the program, although the declining rate of mobility in the United States sug-

gests this may be less of a problem than in the past,” Austin points out.

Politicians have traditionally leaned toward promising infrastructure to improve living and working conditions in the poorest parts of the country, but the paper argues that “targeting infrastructure spending towards distressed areas risks producing projects with limited value for users.” Instead, it suggests that allocating funds to *employment* subsidies that would naturally flow to regions with high levels of non-employed men is more likely to be a permanent solution for persistent stagnation, and perhaps would provide the greatest economic and social benefit to the country as a whole.

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PREDICTIVE PALEOBIOLOGY?

Extinctions’ Ecological Impact

DURING THE LAST 500 million years, the fossil record shows, the ecology of life on Earth has been disrupted and irrevocably altered half a dozen times. After the Great Ordovician Biodiversification had produced an order of magnitude increase in the number of species, five mass extinctions successively wiped out much of the life on the planet. The causes of these events have been the subject of renewed scrutiny ever since 1980, when Luis Alvarez (a Nobel Prize-winning physicist) and his son Walter (a geologist) advanced the theory that a meteor wiped out the dinosaurs and many other creatures 66 million years ago. Now, a study that quantifies the impact of such events on marine ecosystems—communities of ocean organisms living together in non-random associations—may help develop a more nuanced understanding of paleoecology that could ultimately shed light on the threat of species losses today.

As a paleontologist and geobiologist, postdoctoral fellow Anthony “Drew” Muscente

investigates the interactions between the biosphere and the physical planet. He uses the fossil record to study what is known as “co-occurrence data”: “what lived with what in the distant past.” By examining these data using network analysis, he and his colleagues identified ecologically significant associations among ancient marine animals, and then investigated how these individual species and communities changed over geologic time. The approach enabled them to rank the ecological impacts of mass extinctions.

Muscente says that once these “pulses of ecological reorganization throughout the fossil record” have been recognized, re-



searchers can begin to measure them and try to quantify the consequences of such mass extinctions on entire ecosystems. This is relevant now because some scholars have argued that a sixth mass extinction is under way today. “That may or may not be true,” he adds, “but we need some historical context for understanding what species losses have