Effects of Neighborhood Labeling on Children *

M. Domínguez† H. Grönqvist‡ T. Santavirta§

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Abstract

Neighborhood labeling is a potentially important but previously unexplored mechanism behind neighborhood effects. We study how labeling of neighborhoods affects the outcomes of children. Exploiting the release of a much publicized official situation report on carefully delineated troubled neighborhoods ("no-go" zones) in Sweden we estimate the effect of this unanticipated and well-documented negative information shock of neighborhood quality. Our research strategy compares children from listed neighborhoods to children in unlisted neighborhoods before and after the release of the situation report. We show that the negative information shock: (i) Led to a substantial increase in media attention about the listed neighborhoods. A sentiment analysis shows that there was a significant increase in negative media coverage in listed versus control neighborhoods; (ii) the release of the report did not lead to changes other place based policies targeting the neighborhoods, including law enforcement and private security. We show that neighborhood listing led students to sort away from schools in listed neighborhoods to lower quality schools. Exposed students were more likely to report feeling despaired and unfairly treated by society. We also show how exposure affected life-trajectories more broadly.

JEL Classification: I24, J13, K42, R23.
Keywords: Spatial stigmatization; Social image; Neighborhood effects; Student performance; Student mobility.

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†Institute for Fiscal Studies. magdalena.dominguez@ifs.org.uk
‡Research Institute of Industrial Economics (IFN) and Linnaeus University. hans.gronqvist@ifn.se
§University of Helsinki and Institute for Housing and Urban Studies, Uppsala University (IBF). torsten.santavirta@helsinki.fi