
Leah Boustan, UCLA and NBER

April 2015
Estimated number of black migrants leaving/entering South, by decade

Author estimates based on Census survival ratio methods; see also Gregory (2005)
Motivation: Slow black economic advancement outside South, 1940-2010

North/West

South

White/Black

White/Black
Slow black advancement in North

• Existing stories for slow progress (demand-side)
  – Decline in manufacturing employment
  – Barriers from northern racism
  – See, for example, Lieberson, 1980; Wilson, 1987; Sugrue, 1996

• On-going southern migration (supply-side)
  – Migrants competed with existing black workers
  – Growing concentration of black residents encouraged whites to relocate to suburbs
Topics for today

• Benefits of migration to migrants themselves

• Labor market competition

• Role of black migration in “white flight”
  – Motivation for departures, given racial segregation within city
Migration and black economic progress

• Myrdal predicted that economic benefits of “migration to the North and West [would be] a tremendous force in the general amelioration of the Negro’s position”

• Migration from low-wage South can explain ~20% of black-white earnings convergence (Smith and Welch, 1989)
Who chose to leave the South?

• Before estimating return to migration, must consider migrant selection

• Existing literature finds positive selection on educational attainment, suggesting that returns to migration are over-stated

• But, in basic Roy model, high income inequality in South would predict negative selection

• I match migrants and non-migrants to childhood household
  – Fathers with low skill (e.g., laborer) and high skill (e.g., skilled blue collar) jobs are most likely to send migrants to North
  ➔ Bi-modal selection
Father’s occupations in 1920, black migrants and non-migrants

<table>
<thead>
<tr>
<th></th>
<th>Non-migrant sons</th>
<th>At least one migrant son</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High skill</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm owner</td>
<td>0.142</td>
<td>0.140</td>
</tr>
<tr>
<td>White collar</td>
<td>0.024</td>
<td>0.039</td>
</tr>
<tr>
<td>Skilled blue collar</td>
<td>0.034</td>
<td>0.086</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>0.200</td>
<td>0.265</td>
</tr>
<tr>
<td><strong>Mid skill</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm tenant</td>
<td>0.355</td>
<td>0.226</td>
</tr>
<tr>
<td>Semi-skilled blue collar</td>
<td>0.095</td>
<td>0.109</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>0.450</strong></td>
<td><strong>0.335</strong></td>
</tr>
<tr>
<td><strong>Low skill</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm labor</td>
<td>0.145</td>
<td>0.159</td>
</tr>
<tr>
<td>Unskilled</td>
<td>0.205</td>
<td>0.241</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>0.350</strong></td>
<td><strong>0.400</strong></td>
</tr>
<tr>
<td></td>
<td><strong>1.00</strong></td>
<td><strong>1.00</strong></td>
</tr>
</tbody>
</table>
New estimates of return to migration

• Use new complete-count data for 1940 Census with individual wage and salary earnings (+ estimates for self-employed)

• Naïve approach: Compare earnings of all migrants in North to all non-migrants who remain in South

• Within brother pairs: Control for selection on basis of family background
New estimates of return to migration, 1940

[Chart showing log gap in annual earnings for Black and White individuals with various OLS models and household fixed effects.]
Benefits of migration to migrants

• Economic return to leaving the South as of 1940 = 82 log points (130%) in nominal terms or 44 log points (53%) in real terms

• Mean black male earnings in the South was ~$4,000 in 1940 (in 2000 dollars)

• By this estimate, total annual value = $4 billion in real terms for the 1.9 million black men who left the South from 1940-1970

• What were the costs in the receiving area?
Effect of migrant arrivals on wages of northern workers

• Divide northern/western economy into 40 skill cells by education-experience group
  • Education: 0-5 yrs, 6-8; 9-11; 12; 13+; Experience in 5 year intervals
  • Or, use likely days of school attendance: 0-900 days, etc.

• Relate wage changes for northern-born workers by decade to changes in labor supply due to southern in-migration

• Allow for imperfect substitutability within skill cell by race
Estimated effect of 10% increase in migrant labor supply in skill group

Skill cells by years of education

<table>
<thead>
<tr>
<th>Black in-migration</th>
<th>White in-migration</th>
</tr>
</thead>
<tbody>
<tr>
<td>*</td>
<td>± ±</td>
</tr>
</tbody>
</table>

Percentage change in wages for existing workers

Existing black wage | Existing white wage

Implied elasticity of substitution = 8.3

Skill cells by days of education

<table>
<thead>
<tr>
<th>Black in-migration</th>
<th>White in-migration</th>
</tr>
</thead>
<tbody>
<tr>
<td>*</td>
<td>±</td>
</tr>
</tbody>
</table>

Percentage change in wages for existing workers

Existing black wage | Existing white wage

Implied elasticity of substitution = 25
Costs of migration in northern labor market

• Estimates suggest earnings of black workers in North declined by 10 percent due to competition with in-migrants

• Mean black earnings in North = $9,000 in 1940 (in 2000 dollars)

• 1.4 million northern-born black men and 1.9 million new migrants

• Aggregate loss of $3.0 billion (= around $900 per worker)
Effect of migrant arrivals on cities

• White suburbanization already underway due to rising incomes, new highway construction

• Suburbanization hastened by white response to black migrants

• 70 cities: Each black arrival is associated with >2 white departures
Figure 1: Change in black and white population in central city, 1950-60
Concern about reverse causality – Are black migrants attracted to cities already undergoing process of suburbanization?

Yet, pattern holds when using southern economic conditions, coupled with chain migration, to instrument for black migrant flows
White flight by city type

• White flight in Northeast and Midwest; no flight in West

• Smaller response in 1940s; larger in 1950s/1960

• Strongest white flight in:
  – Big cities*
  – Cities with initial mid-level % black
  – Cities with initial high income

* Although robust to dropping top-10 migrant destinations
Motivations for white flight

• Neighborhood racial transition was an important factor

• **BUT**: In 1940, 30% of white HH lived 4+ miles from black enclave

• Distant neighborhoods had little change in %black by 1970

• Role of fiscal/political concerns
Housing prices along city-suburban borders

• Collect block-level data on 100+ borders

• Neighborhood similar on either side but bundle of public goods and taxes differ

• Find higher housing prices in jurisdiction with low black population share and high median income — but income effect dominates

• After 1970, also explore effect of court-ordered desegregation
Figure 1: Housing values by distance to city-suburban border, Racially homogeneous versus diverse side. Pooled data, 1960-80

Income vs. race? Income wins the horse race
Figure 3: Implied effect of 20 percent increase in suburban median income on housing prices at city-suburban borders, 1970
Figure 4: Effect of court-ordered school desegregation on housing prices at city-suburban borders

- City desegregated in 1970s
- City did not desegregate in 1970s
Conclusions

• If not for continued in-migration from the South, blacks would have enjoyed more rapid – although not complete – wage convergence with whites in North

• Fewer white households would have left central cities, with potential effects on neighborhoods/tax base

• New migrants often slow progress for existing migrants. But inter-group competition is intensified by racial barriers