

# The Great Black Migration: Opportunity and competition in northern labor markets

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Over 7 million African Americans left the South for industrial cities in the North between 1915 and 1970, a period often referred to as the “Great Black Migration.”<sup>1</sup> For black migrants, the North held the promise both of better-paying job opportunities and of social and political equality. During this period, and particularly between 1940 and 1970 when the majority of black migration occurred, the earnings of black men grew faster than those of white men nationwide. In 1940, black men earned a mean of 40 cents to the dollar earned by white men; by 1970, the black-to-white ratio had increased to 70 cents to the dollar.<sup>2</sup> Although improvement in the quality and quantity of education for black students was the most important cause of the narrowing of this wage gap, migration to a higher-wage region also played a role.<sup>3</sup>

Even upon first arrival in northern cities, black migrants earned as much as blacks who were native to the North. Higher wages in the North represented a large economic gain for migrants; in 1940, for example, an average black worker in the North earned nearly three times as much as an average black worker in the South. Despite these gains, black migration to northern industrial cities did not create economic parity with whites for either the black migrants or their descendants. Although earnings for blacks relative to whites did rise at the national level, the black-white earnings ratio in the North remained about the same from 1940 to 1980, apart from a short-lived improvement in the late 1960s and early 1970s. This relative stagnation is generally explained by two forces on the demand side: a weakening of the American manufacturing sector after 1960, and racism in northern labor markets. In this article, I add a supply-side explanation to this story, detailing the labor market competition that new black migrants created for existing black residents in an economic setting already constrained by racism.<sup>4</sup>

## The Great Black Migration

The Great Black Migration, which was one of the largest demographic events in U.S. history, began in earnest during World War I. Even though the North offered southern blacks higher wages and greater social equality prior to 1915, few blacks moved North before that year. Black migration slowed during the Great Depression, then skyrocketed in the 1940s during and following World War II; by 1970, for the first time the majority of black residents lived outside the

South. The migration that occurred during and after World War I has received the most attention historically, but the period of migration from 1940 through 1970 was larger and thus had potentially greater labor market effects. I focus on this later migration here.

## Benefits of migration to the migrants

Gunnar Myrdal, a Swedish economist and Nobel Prize winner, traveled through the American South in the 1920s and 1930s to study race relations. He published his findings in the influential volume *An American Dilemma* in 1944.<sup>5</sup> Myrdal predicted that migration to the North would bring about great improvement in black economic conditions. Forty years later, the economists James Smith and Finis Welch looked at what had transpired in the intervening decades, and concluded that migration from the South can account for approximately 20 percent of the national black-white earnings convergence between 1940 and 1980.<sup>6</sup> I look at this question in a different way, separately estimating the economic return of migration to the migrants themselves.

Before estimating the benefits of migration, it is important to consider who chose to leave the South. If only those with the highest skill levels chose to migrate, estimates of the benefits of migration to blacks as a whole could be overstated, while the reverse would be true if low-skilled men were overrepresented in the migrant pool. Because the expected gains from leaving the South were higher for men in the lower end of the income distribution, we might expect that men with lower skill levels would be more likely to migrate.

In prior research on migrant selection, the skill level of black migrants was measured using level of educational attainment, which was reported in the census beginning in 1940. This approach turns out to be problematic for two reasons. First, in the South, blacks often attended ungraded schools, which may have been hard for Census Bureau data collectors in the North to understand and categorize.<sup>7</sup> Second, how long to remain in school may be a decision made in conjunction with whether and when to migrate. For example, some prospective migrants may have decided to remain in school for an extra year as an investment in their future in the North. Also, some black migrants moved as children, and thus attended school in the North. In this case, a higher level of educational attainment would be an outcome of migration, rather than a factor in selection.

My estimates of migrant selection are instead based on the occupations of the fathers of migrants and nonmigrants in the 1920 Census.<sup>8</sup> Examples of high-skill occupations

include farm owners and white collar or skilled blue collar workers, while low-skill occupations include farm laborers. I find that blacks from *both* high- and low-skill backgrounds chose to migrate, while those from the middle of the skill distribution were much less likely to migrate.

Overall, I estimate that southern blacks increased their earnings by about 130 percent, on average, by moving to the North by 1940, an increase of about \$5,400 annually per migrant. Southern whites could increase their earnings by 50 percent with the same move. Given that black migrants were selected from both ends of the skill spectrum, it is not clear that we would expect these simple estimates of the benefits of migration to be biased by migrant selection. To check for selection bias, I compare sets of brothers, one of whom moved to the North while the other remained in the South. Because brothers share a family background and some individual characteristics, this analysis will provide a reasonable estimate of what each migrant would have earned had he remained in the South. As it turns out, this analysis of brothers produces results that are very similar to those for the full population of migrants and nonmigrants, suggesting that selection does not greatly bias these estimates.

## Labor market competition

Although southern migrants themselves clearly benefited by moving out of the low-wage South, existing black workers in the North lost out as new black workers arrived. Prior to 1965, northern black workers experienced little earnings growth, due partly to the competition from southern in-migrants. This competitive pressure on northern wages was concentrated among existing black workers in the North, as white and black workers were generally not competing for the same jobs. This segmentation of the northern labor market by race was based on two types of discrimination: racial disparities in the education and training necessary for many jobs, and racial disparities in hiring practices.

To estimate the effect of black migrant arrivals on the wages of existing black and white workers in the North, I begin by dividing working-age men into skill groups based on levels of education and work experience. For example, one skill group might be high school graduates with less than five years of labor market experience, while another might be high school graduates with 20 to 25 years of labor market experience. I then estimate the effect of migrant arrivals into a skill group on the wages of existing workers in that group. By doing so, I am able to determine how substitutable black and white workers are within each skill group, and find that blacks and whites with the same years of schooling and work experience were not used interchangeably in production in the North after World War II.

I am also interested in understanding how much of this labor market segmentation can be attributed to prior racial disparities in education versus current racism in hiring and promotion. To do so, I further refine my skill group

measurements to reflect differences in school quality between northern and southern schools. In particular, I account for the shorter school years offered to black students in many southern states in the early- and mid-twentieth century. The results suggest that at least two-thirds of the imperfect substitutability by race in the North was driven by differences in the relative quality of black and white schools, rather than by racial discrimination in hiring of men with otherwise similar skill levels.<sup>9</sup> The remaining racial division suggests that blacks faced additional barriers in the northern labor market. While much of the existing historical literature focuses on discrimination in hiring practices, I find that both types of discrimination mattered and that racial disparities in education and training actually presented a much larger obstacle for black workers in the North. These results suggest that most northern employers were not using discriminatory hiring practices when assigning blacks to manual jobs in steel factories, tanneries, and packinghouses. Rather, the typical black worker—especially southern black migrants—attended systematically lower-quality schools and thus proved to be a less promising candidate for higher-skilled positions.

Although the results described here focus solely on male workers for data reasons, it is likely that black women in the northern labor force experienced a similar (or even greater) degree of competition from new migrant arrivals as did black men. Outside of the South, 44 percent of black women were in the labor force in 1940, with the majority working in domestic service. Over time, black women moved into factory work, and eventually into clerical positions. Given this clustering of black women in a limited set of occupations, the extent of competition with new arrivals may have been especially severe.

## Net economic effects of migration

I find that black wage growth in the North would have been higher in the absence of in-migration from the South; average black earnings in the North would have been around 10 percent higher by 1970, while white earnings would have remained unchanged. If black workers had not migrated from the South, existing black workers may have benefited, but this would have come at some cost to the migrants themselves. Given an annual increase in earnings of \$5,400 for black migrants as described above, I calculate the total increase in earnings due to migration for the 1.9 million black men who left the South after 1940 to be \$10.2 billion a year (in 2010 dollars).

However, a loss of 10 percent of earnings for the 1.4 million existing black workers in the North due to competition with in-migrants is equivalent to an annual aggregate loss of \$1.6 billion (mean earnings = \$11,500). It is also likely that new migrants created competition for migrants that had arrived in the North earlier. Using the same 10 percent loss in earnings (\$1,150 per migrant), competition among the 1.9 million southern black migrants would lower black earnings

in the North by another \$2.2 billion a year, for a total loss of nearly \$4 billion.

Overall, the gains for black workers attributable to migration from the South were about 2.5 times larger than the losses due to competition in the North. Black earnings nationally may have been further raised by higher wages for black workers remaining in the South, as migrant departures reduced competition in the southern labor market. The benefits of migration clearly outweigh the costs in terms of overall black economic advancement, but the costs experienced by competing workers in the North were considerable. Slow black economic progress in the North can be explained, in part, by the steady flow of southern black migrants, who competed with existing black workers in the North, keeping wages low. If not for this ongoing migration, northern blacks would likely have further closed the earnings gap with whites.

### **Relative growth in black earnings since 1970**

The analyses described in this article have focused on the decades between 1940 and 1970, when 4 million black migrants left the South for industrial cities in the North. By the end of that period, black migration from the South had slowed considerably, and has since changed direction, with more northern-born blacks moving south since 1980 than the reverse.

Relative black earnings in the North did not increase after black migration from the South tapered off in the 1970s. In fact, from 1975 to 1990, blacks fell further behind whites in the North, erasing whatever small relative gains they had achieved since 1940. If the only change during this period had been the end of black migration from the South, we would have expected the easing of labor-market competition to result in the recovery of earnings lost due to that competition. However, the years since 1970 were characterized by severe declines in labor demand in manufacturing, particularly in the Midwest, as well as by a new wave of low-skilled immigrant workers from Latin America. The combination of these two factors is the most likely explanation for the continuation of poor black outcomes in the North.

It is unlikely that the growth in the black-white earnings gap between 1975 and 1990 was due to a rise in labor market discrimination in the North, since labor market discrimination appears to have declined during this period. However, enduring discrimination could help to explain why a racial earnings gap remains. Recent experimental studies suggest that otherwise identical black job seekers are less likely than white job seekers to receive callback interviews.<sup>10</sup>

### **Conclusions**

In 1910, nearly 50 years after emancipation from slavery, 86 percent of African Americans still lived in the South. The

advent of mass black migration to the North circa 1915 was precipitated by a period of particularly strong labor demand during World War I. Early black migrants from the South paved the way for later moves of friends and family, and black migration from the South accelerated rapidly, peaking in the 1940s and 1950s.

As of 1940, southern blacks could more than double their earnings by moving to the North. This estimate holds both in the full population and in comparisons between brothers. Although, in the early twentieth century, black earnings were substantially higher in the North than the South, subsequent black earnings growth was substantially slower in the northern region. I argue that the slower earnings growth in the North can, in part, be explained by labor market competition from southern black migrants. Southern in-migration doubled the size of the black workforce in the North from 1940 to 1970. Competition with southern blacks generated larger wage losses for existing black workers in the North than for similarly skilled whites.

Overall, the Great Black Migration benefitted southern migrants, while black workers in the North lost ground. The intense competition between existing black workers and new migrant arrivals occurred because black migrants were used more interchangeably in production with other black workers than with similarly skilled white workers in the North. The lack of substitutability between black and white workers can be attributed to actual differences in productivity—for example, due to racial disparities in school quality—as well as to discrimination in job assignments. The discriminatory hiring practices of some northern employers prevented some blacks from holding jobs for which they were qualified, especially in skilled crafts, retail and clerical work, and supervisory positions in manufacturing firms. However, educational disparities by race mattered as well; black students, particularly those in the segregated South, attended schools that were characterized by shorter school years and fewer resources per pupil. By the time southern blacks arrived in the North, they were already at a disadvantage.

Before the Great Black Migration to the North, nearly the entire black population in the United States lived in the South. In the 1940s, the South was the main site of racial injustice in the United States, and migration to the North represented one reliable way to ameliorate persistently low earnings in the black workforce. Today, racial disparities are instead widest in the Midwest, the region whose metropolitan areas were the hardest hit by the decline of American manufacturing and remain persistently segregated by race. Migration has again emerged as a response to scant opportunity, only this time northern-born blacks are heading South in large numbers, reversing the path that their parents or grandparents blazed in the last century. ■

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<sup>10</sup>Throughout this article, the term “the North” is used to refer to all non-southern states, including those in the West.

<sup>2</sup>The analyses described in this article focus exclusively on male workers for two reasons. First, I place workers into skill group categories based partly on age. Because women's labor force participation is often interrupted for childbearing, age is not a reliable indicator of years of labor market experience for female workers. Second, parts of my analysis rely on matching data for individuals by first and last name. Because virtually all women changed their name upon marriage during my 1940–1970 time period, it is difficult to follow women from childhood to adulthood using Census data.

<sup>3</sup>J. P. Smith and F. Welch, "Black Economic Progress After Myrdal," *Journal of Economic Literature* 27, No. 2 (1989): 519–564; T. N. Maloney, "Wage Compression and Wage Inequality between Black and White Males in the United States, 1940–1960," *Journal of Economic History* 54, No. 2 (1994): 358–381.

<sup>4</sup>This article draws on L. P. Boustan, *Competition in the Promised Land: Black Migrants in Northern Cities and Labor Markets*, under contract with Princeton University Press. The book explores in more detail the themes of who gained and who lost as a result of black migration, and also offers evidence that white households left central cities in response to black in-migration, thereby contributing to the growth of the suburbs.

<sup>5</sup>G. Myrdal, *An American Dilemma: The Negro Problem and Modern Democracy* (New York: Harper & Row, 1944).

<sup>6</sup>Smith and Welch, "Black Economic Progress After Myrdal."

<sup>7</sup>R. A. Margo, "Race, Educational Attainment, and the 1940 Census," *Journal of Economic History* 46, No. 1 (1986): 189–198.

<sup>8</sup>This analysis uses a new matched sample that follows individuals over time from the 1920 to the 1940 Census, allowing migrants and nonmigrants to be observed in their childhood homes.

<sup>9</sup>This analysis uses only the length of the school term as an indicator of school quality. With a more comprehensive measure of school quality, it is possible that the portion of labor market segmentation by race attributable to differences in education and training would rise.

<sup>10</sup>M. Bertrand and S. Mullainathan, "Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination," *American Economic Review* 94, No. 4 (2004): 991–1013; D. Pager, B. Western, and B. Bonikowski, "Discrimination in a Low-Wage Labor Market: A Field Experiment," *American Sociological Review* 74, No. 5 (2009): 777–799.

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