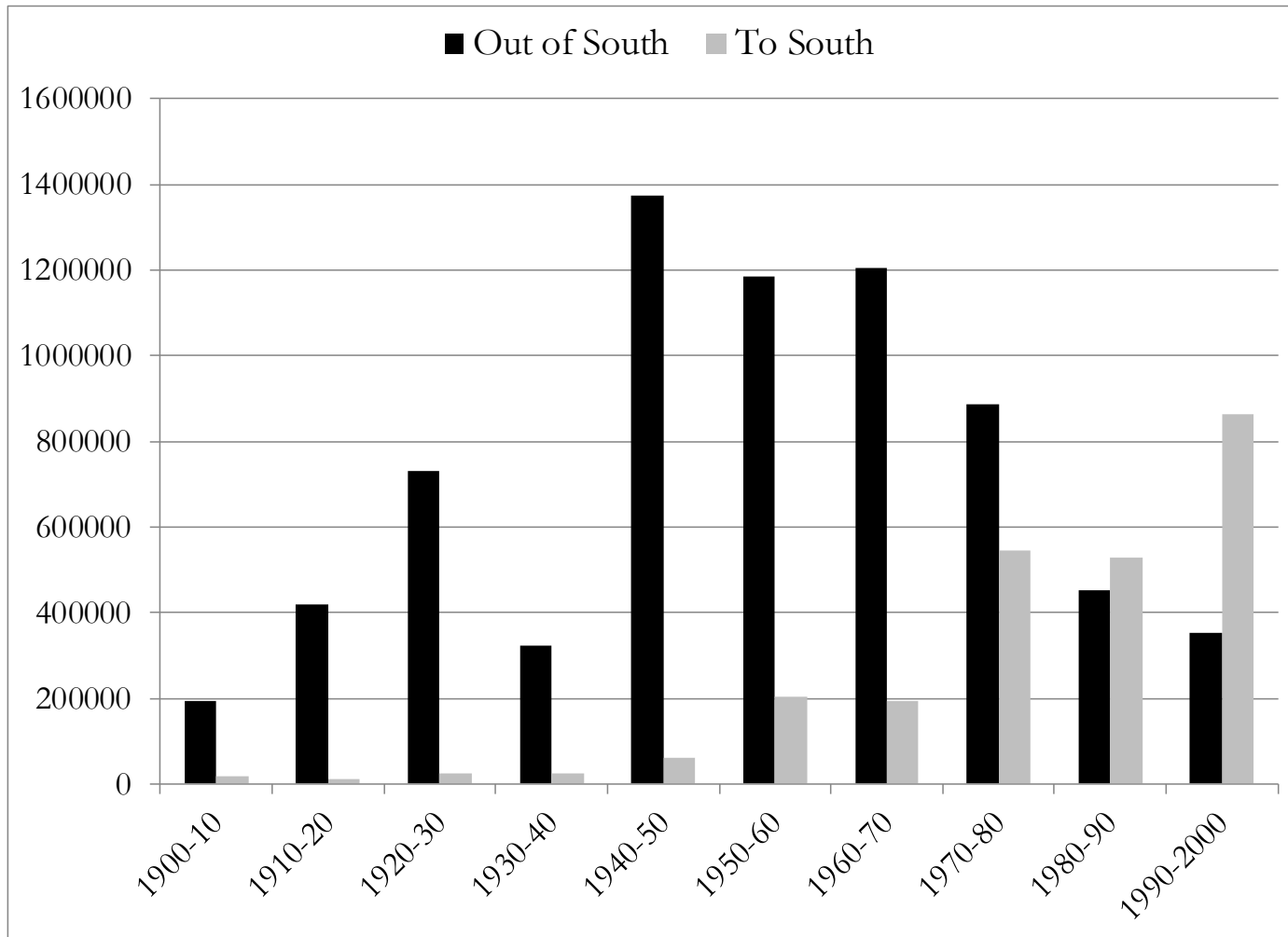


**“Competition in Promised Land:
Black Migrants in Northern Cities
and Labor Markets”**

Leah Boustan, UCLA and NBER

April 2015

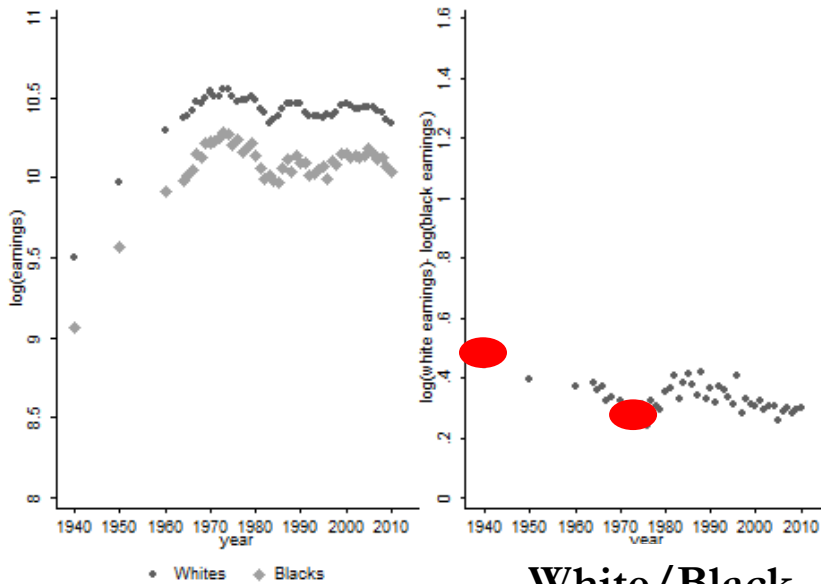
Estimated number of black migrants leaving/entering South, by decade



Author estimates based on Census survival ratio methods; see also Gregory (2005)

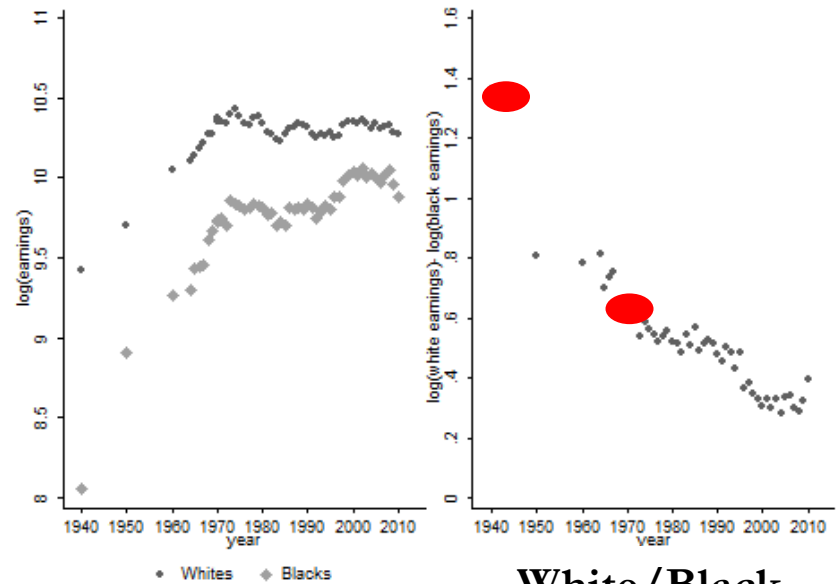
Motivation: Slow black economic advancement outside South, 1940-2010

North/West



White/Black

South



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, Lieberman, 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**

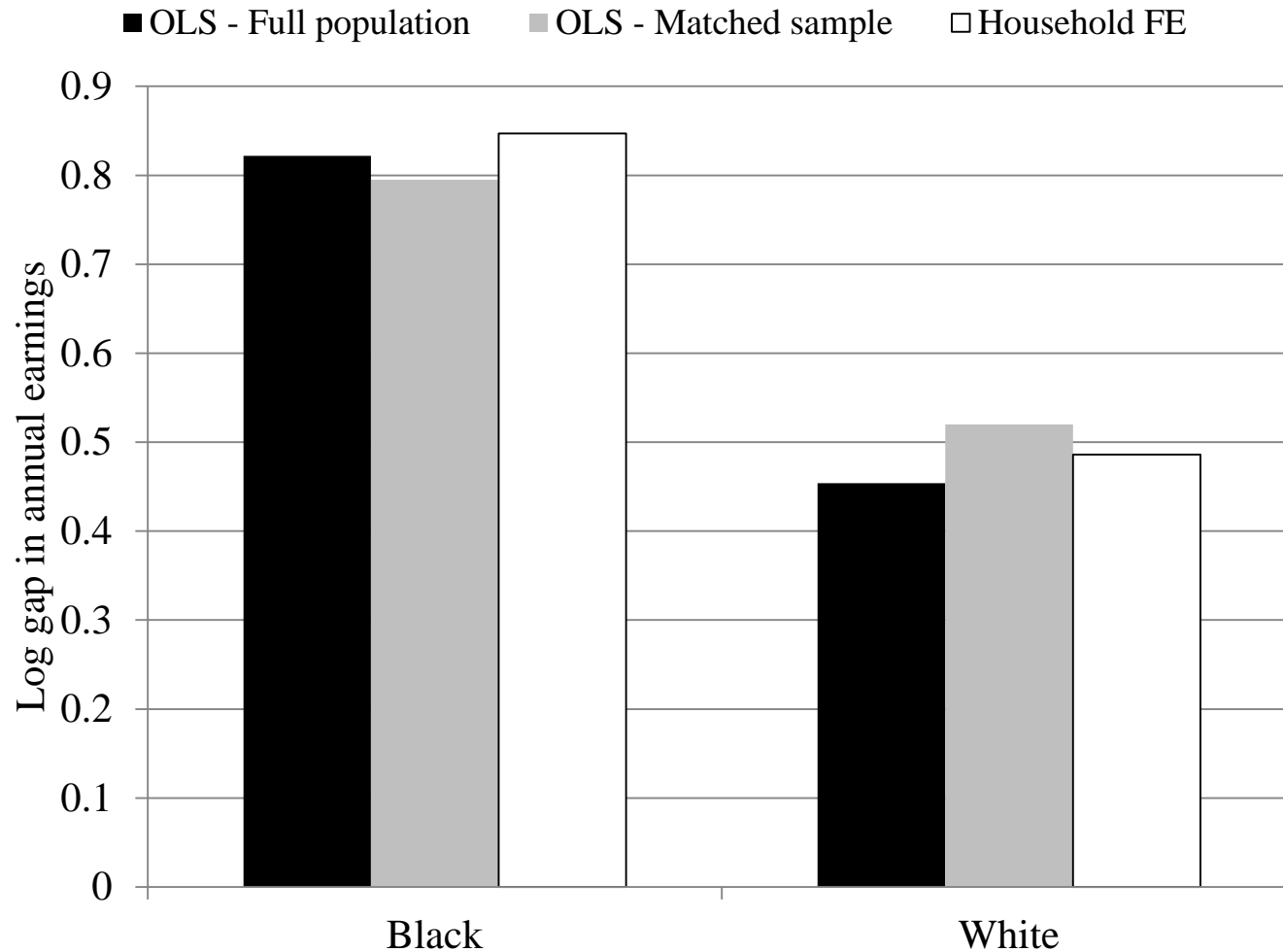
Father's occupations in 1920, black migrants and non-migrants

| | Non-migrant sons | At least one migrant son |
|--------------------------|---------------------|-----------------------------|
| <u>High skill</u> | | |
| Farm owner | 0.142 | 0.140 |
| White collar | 0.024 | 0.039 |
| Skilled blue collar | 0.034 | 0.086 |
| Subtotal | 0.200 | 0.265 |
| <u>Mid skill</u> | | |
| Farm tenant | 0.355 | 0.226 |
| Semi-skilled blue collar | 0.095 | 0.109 |
| Subtotal | 0.450 | 0.335 |
| <u>Low skill</u> | | |
| Farm labor | 0.145 | 0.159 |
| Unskilled | 0.205 | 0.241 |
| Subtotal | 0.350 | 0.400 |
| | 1.00 | 1.00 |

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



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?

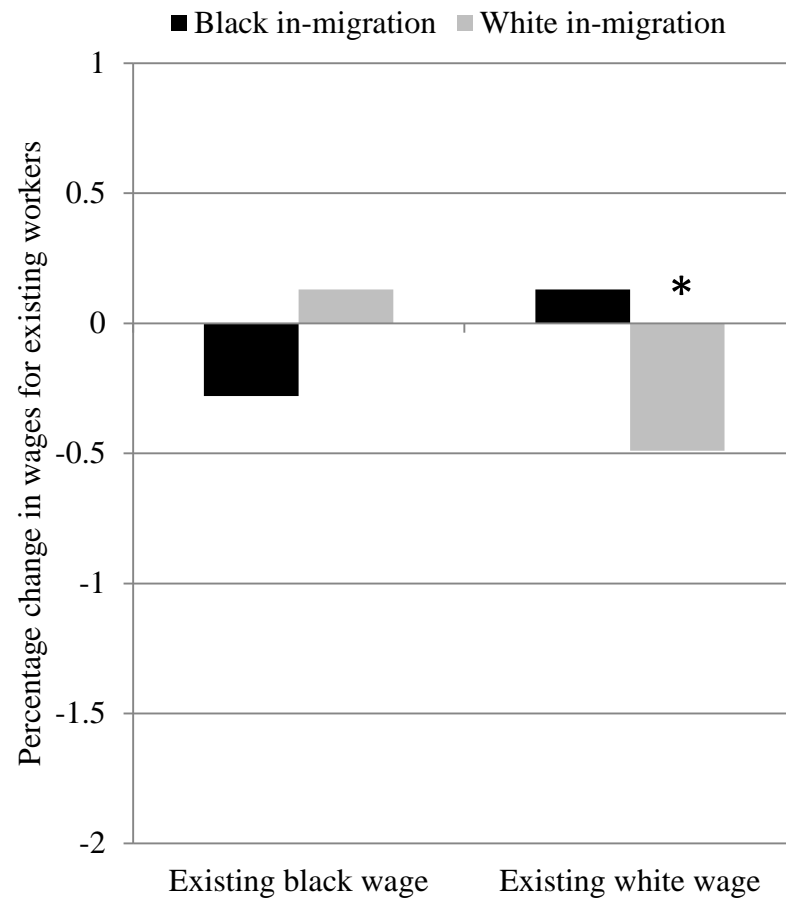
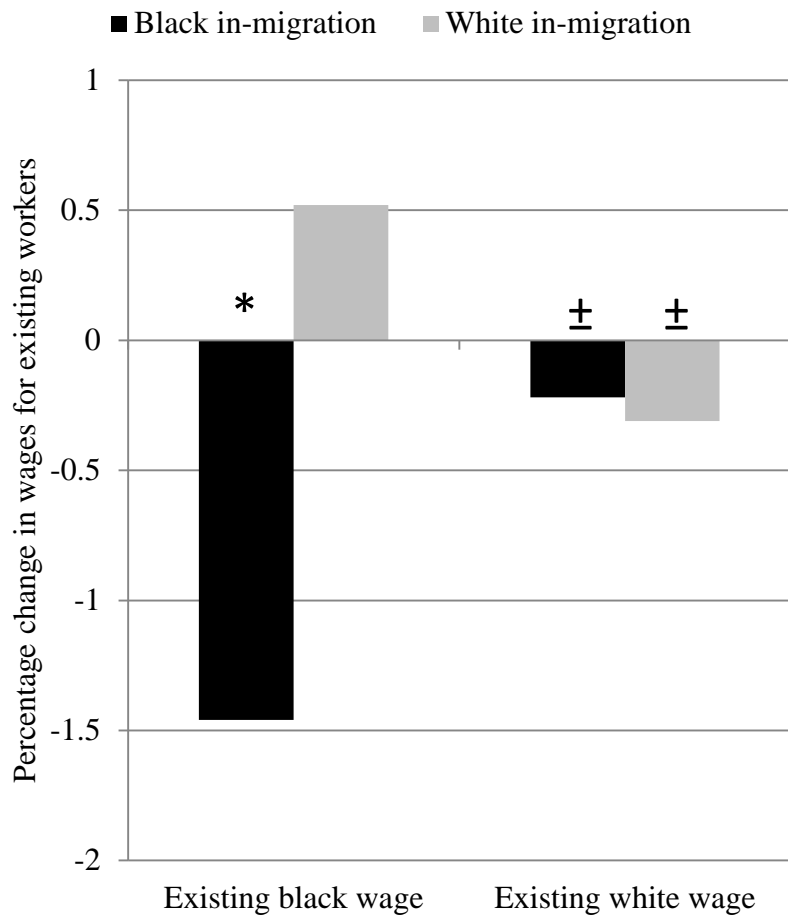
Effect of migrant arrivals on wages of northern workers

- 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

Skill cells by days of education



Implied elasticity of substitution = 8.3

Implied elasticity of substitution = 25

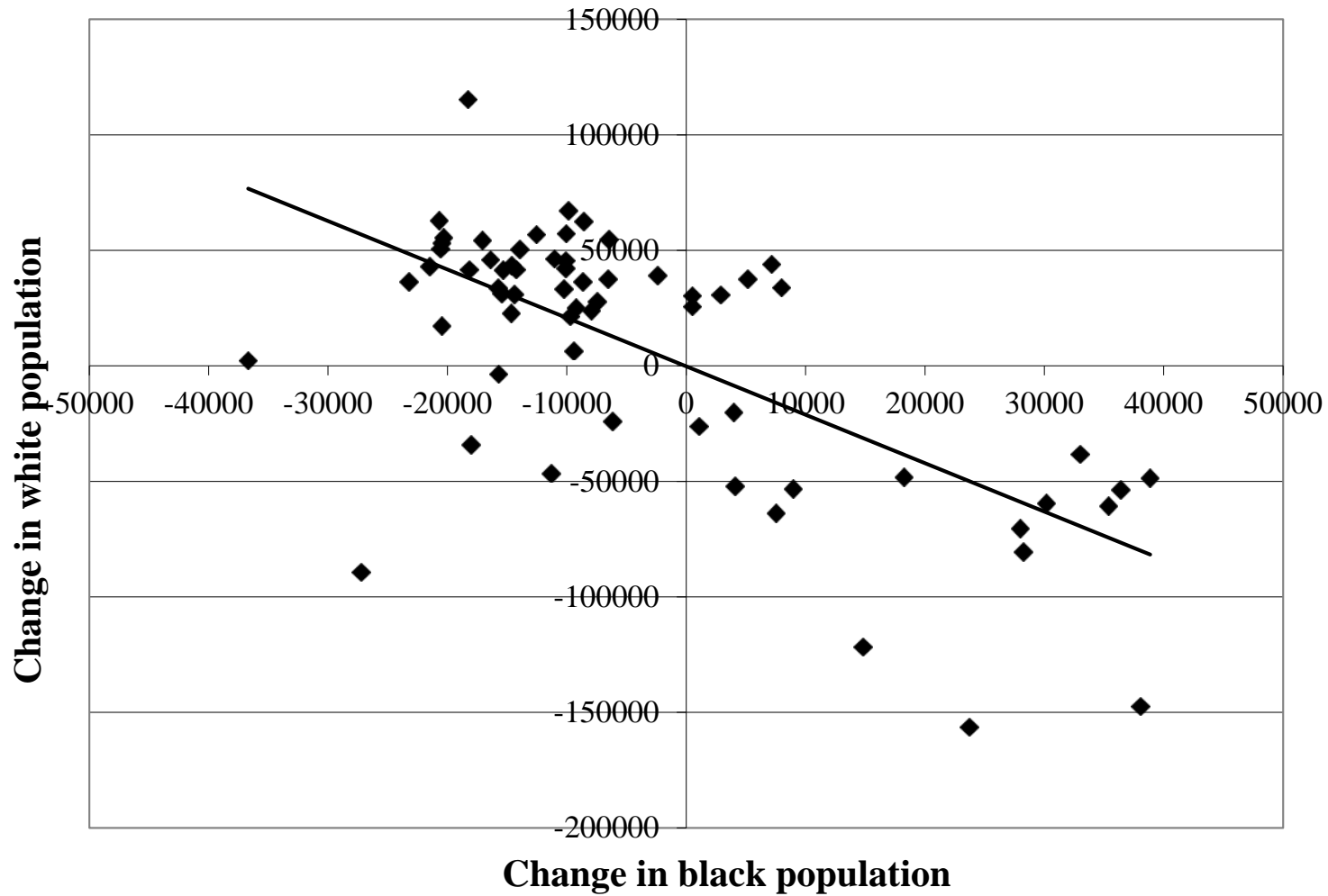
Costs of migration in northern labor market

- 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

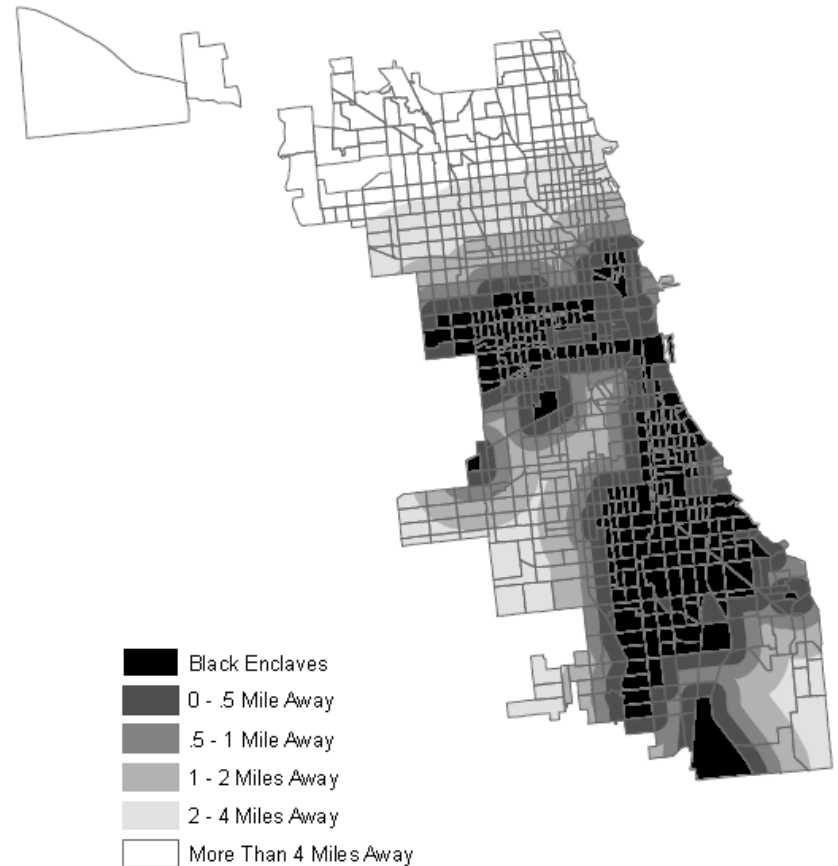
White flight by city type

- 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 pop share and high median income – but income effect dominates
- After 1970, also explore effect of court-ordered desegregation

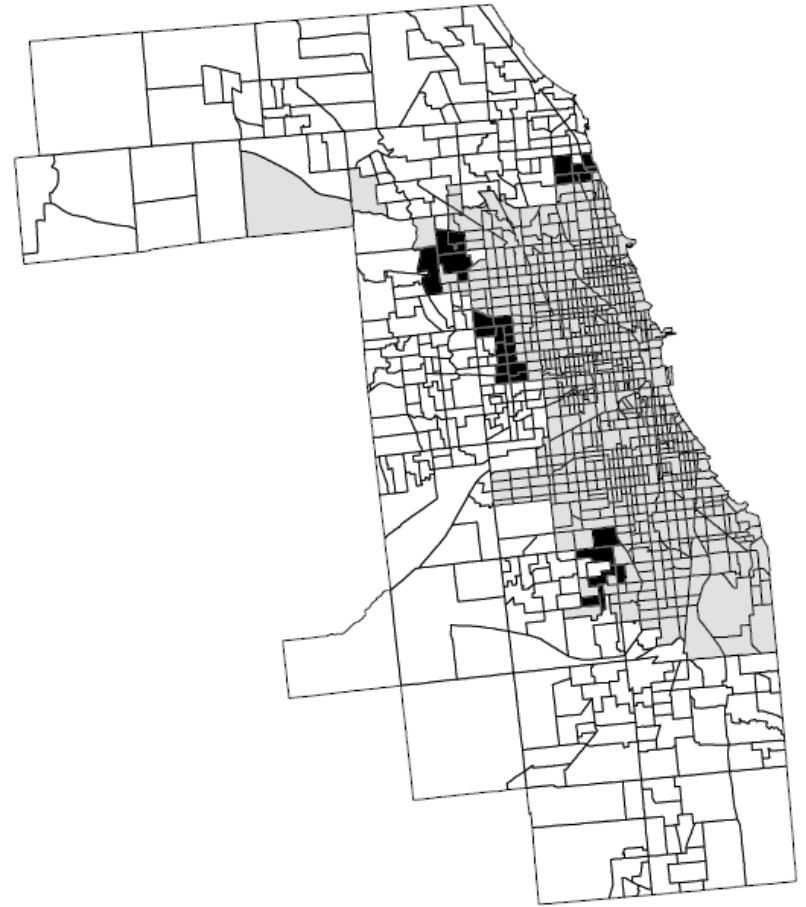
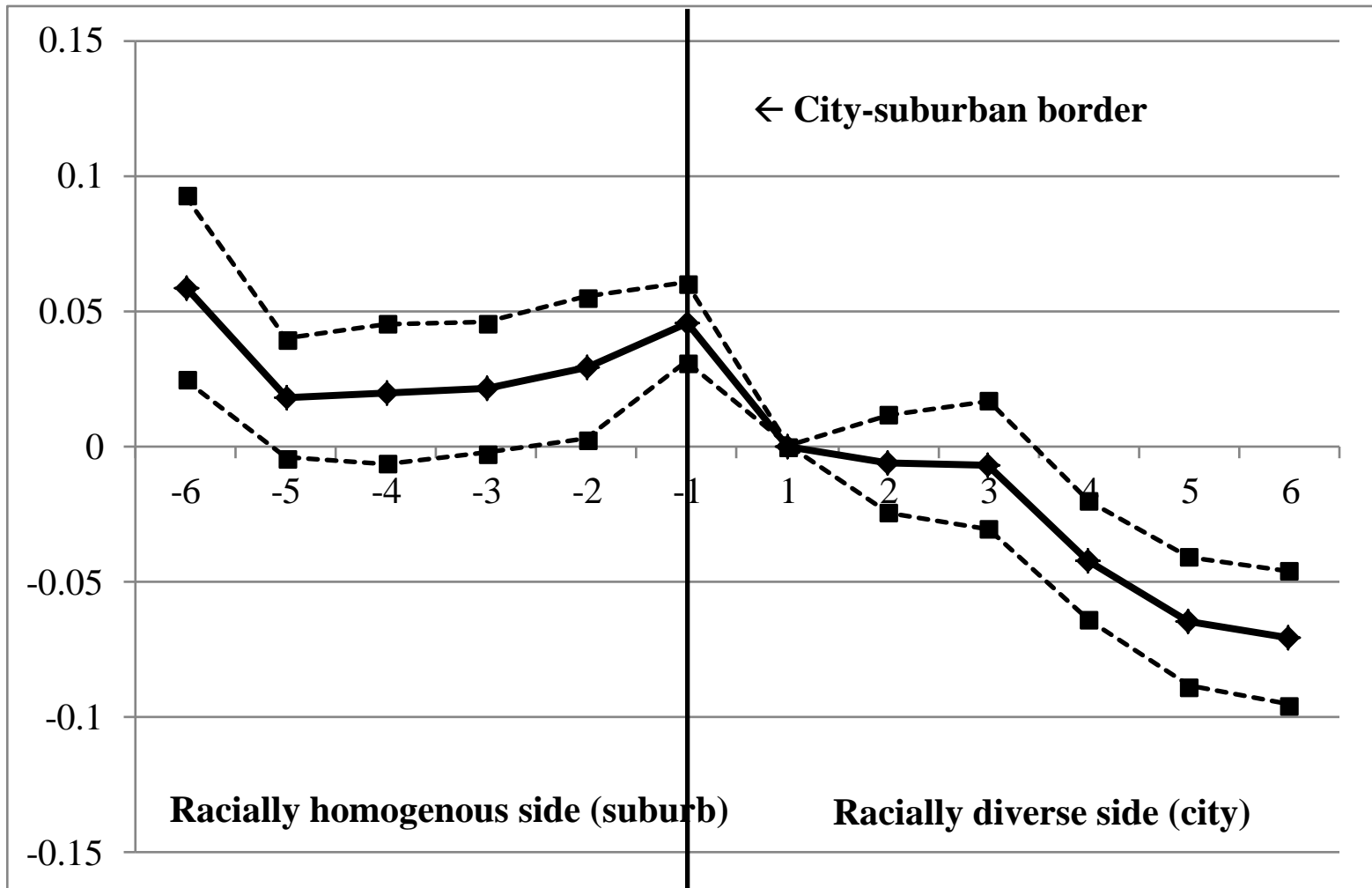


Figure 1: Housing values by distance to city-suburban border, Racially homogenous versus diverse side. Pooled data, 1960-80



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

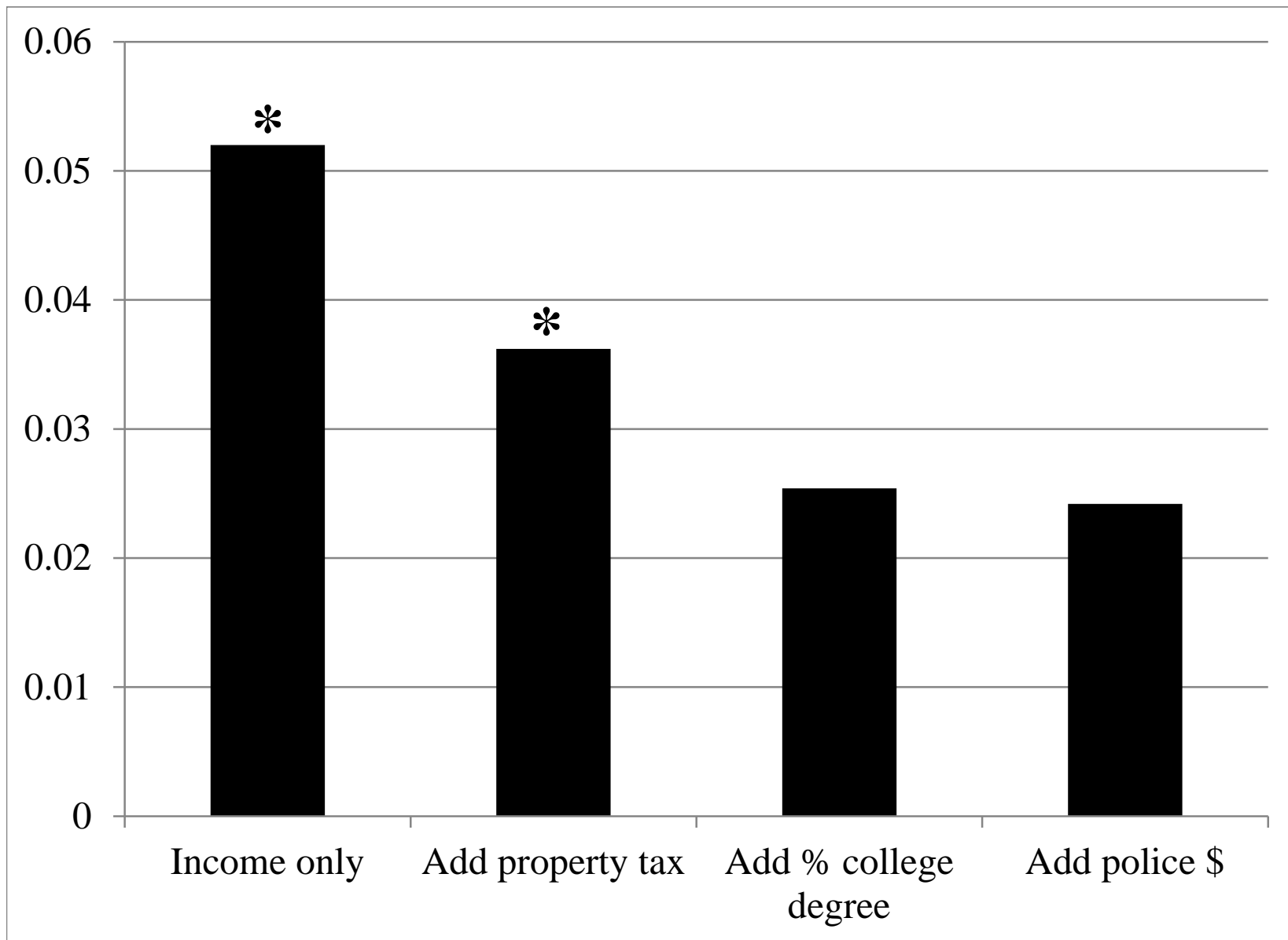
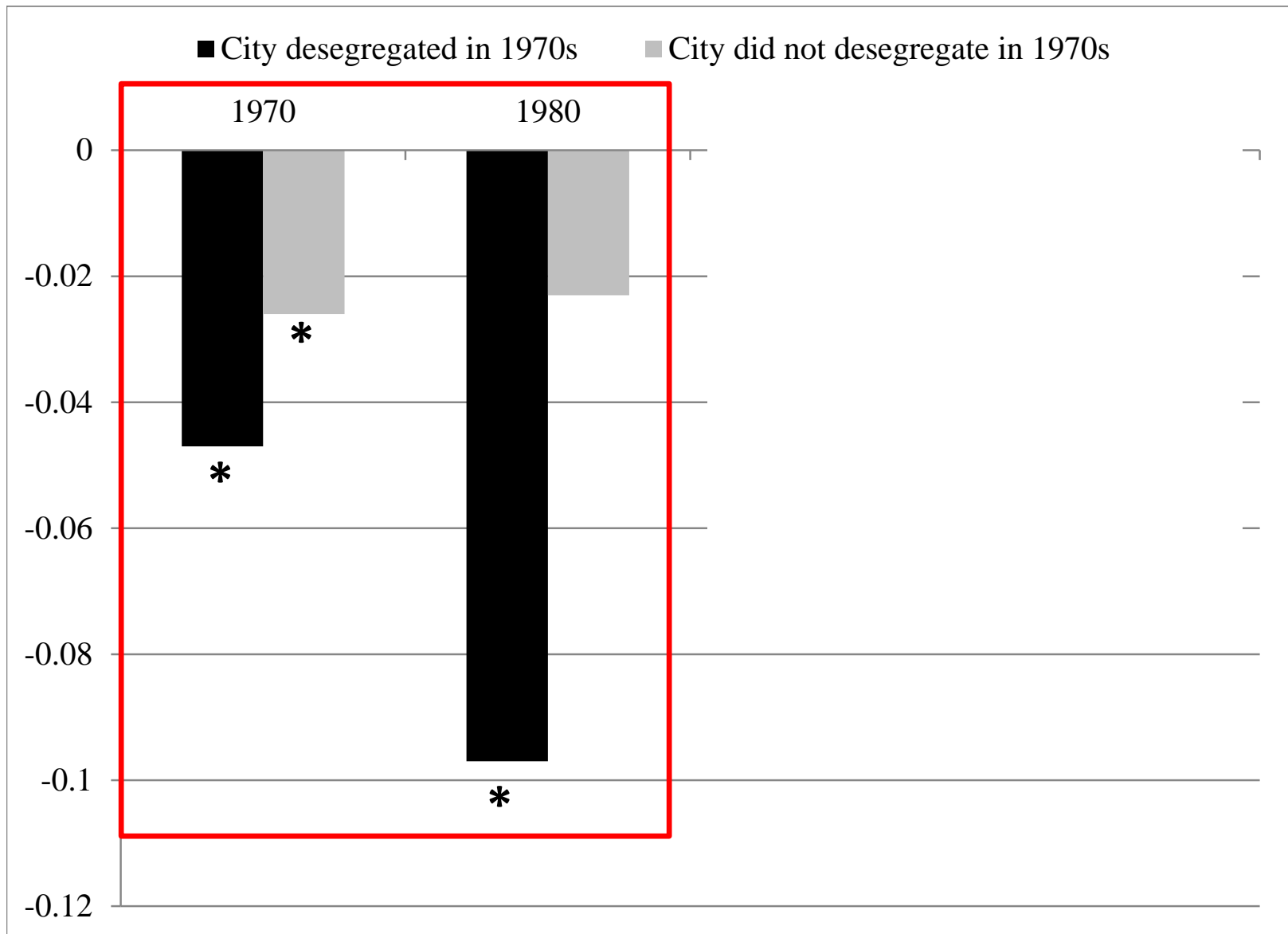


Figure 4: Effect of court-ordered school desegregation on housing prices at city-suburban borders



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