



Extension Research on Great Migration of African Americans and the Impact on Their Salary

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Abstract: The Great Migration from the South involved millions of African-Americans who moved north. This movement had significant social and economic ramifications, but its effect on labour markets in the North has been largely neglected. This paper shows that the Great Migration reduced wages considerably for blacks, but had minimal effect on whites. This is demonstrated using both local pay comparison and structural simulations, which reveal that the Great Migration had a considerable influence on North-South wage disparities. The paper also examines how immigration and wages are related, and how this relationship can be assessed, using both local and aggregate data.

Keywords: the Great Migration, economy affects, migration and wages

1. Introduction

The Great Migration from the South involved millions of African-Americans who moved north to urban areas in North America. This movement had significant social and economic ramifications, but its effect on labor markets in the North has been largely neglected. This paper aims to fill this gap by showing that the Great Migration reduced wages considerably for blacks, but had minimal effect on whites. This is demonstrated using both local pay comparison and structural simulations, which reveal that the Great Migration had a considerable influence on North-South wage disparities. The paper also examines how immigration and wages are related, and how this relationship can be assessed, using both local and aggregate data.

This paper contributes to a larger literature on migration (both domestic and international) and wages, which has not reached a clear consensus on how current immigrant flows affect native earnings. In general, research of local labor markets reveals lesser impacts whereas studies of the national labor market find bigger ones. Many confounding variables have been identified in the literature, and they might explain why research using various methodologies reaches different findings. The Great Migration was a time when these influences were less prevalent, offering a good opportunity to examine the connection between immigration and earnings (Collins, 1997).

One of the possible confounding variables is the spatial arbitrage hypothesis, which states that native workers move within the country to avoid supply shocks caused by migration, reducing estimates of immigration wage effects through geographic comparisons. However, empirical tests have shown mixed results for this hypothesis (Borjas, 2006). During the Great Migration, there were only a handful of large cities in the North where African-Americans could migrate due to the influx of Southern immigration. There is evidence that white people left the North as a response to immigration from the South, but there is little sign that black people reacted in a same manner. As evidenced by the huge gap that exists between the black and white labor markets in the North, internal mobility in the North did not alleviate the impacts of Southern immigration on the black labor market (Gardner, 2016).

The Great Migration's impacts on the labor market are also unique to the historical context in which it occurred. Racism may have contributed to a black American's choice to relocate to the South rather than a foreigner's desire to relocate to the United States today; the imperfect substitution that I estimate is at least in part a result of this. It is possible to draw parallels between the Great Migration's impacts and those of today's immigration (OECD, 2014). However, the influence of each immigration event on the labor market will also vary based on factors such as the characteristics of the migrants, the receiving place, and the macroeconomic situation. Therefore, this paper provides a specific case study that adds to our understanding of the link between immigration and wage growth.

2. Data and Summary

Data and Summary This section's analysis is based on data from the 1940 and 1950 US Census Integrated Public Use Microdata Series (IPUMS) extracts. These data include a wide range of demographic and economic variables, such as wage income and residence location. These are the oldest available records for Great Migration wage and geographic information.

The sample is limited to working-age black and white males born in the United States who resided in the North at the time of the census. Using the definition of the North proposed by Boyd (2012), the results are robust to whether the sample includes foreign-born individuals or not. The term “Metropolitan Statistical Areas” (MSAs) is used to refer to the local labor markets (MSAs).

Immigrants make up a larger proportion of the black labor force in Northern metro regions than do native-born residents. Black and white immigrants from the South had a lot in common. There is a modest underrepresentation of southern immigrants at higher educational levels compared to their higher education overrepresentation, notably among African-Americans. Nonetheless, the general distributions for both races and all years are almost identical across the board. Instead of examining impacts inside individual skill sets, this study focuses on the averages across races.

3. Methodology and Empirical Analysis

Methodology and Empirical Analysis This paper estimates various linear models that relate an individual’s log pay to their local metropolitan area’s percentage of immigrant labour. This approach may suffer from non-random assignment of labour markets. A common strategy, proposed by Card (2001), is to predict immigration based on historical patterns of immigrant settlement and then use those predictions as an instrument to observe it. Following Bartel (1989), the expected destinations of subsequent waves of immigrants can be predicted, a pattern that also holds for the Great Migrants themselves (Leibbrand et al., 2020). Frey and Liaw (2005) argue that immigration patterns are unrelated to local labour market conditions at the time they are formed.

This paper adopts a number of precautions to ensure that this is not the case. To control for the effect of regional factors on wages, a set of specifications is devised that includes a wide range of demographic variables, such as the percentage of black and white workers in manufacturing, the percentage of black and white residents on farms, and the median educational attainment of black and white residents in the metro area. Moreover, 1940 metro average earnings are used as a covariate in the 1950 regression samples. Late-20th century average earnings fully account for any residual correlation between wages and settlement patterns from that year.

4. Wage impact results

During the study period, both black and white workers were imperfect substitutes. Under perfect substitution, each racial group’s effect would be the same for total, own, and cross-race immigration. The estimates of the economic impact of immigration are mostly negative for native blacks, whereas evidence of an own-race effect for native whites or cross-race effects for any group is scarce and sensitive to specifications. Outmigration or local labor supply shocks would have the same effect under perfect substitution since the effects are symmetric (Docquier et al., 2019). Outmigration cannot explain this pattern. Collins and Wanamaker have shown that local immigrant shares may be mismeasured, and this might account for some of the discrepancy (2014). However, even though the black samples are smaller and hence more prone to error, the estimated effect of black immigration on native blacks’ wages is substantially larger than the cross-race effect. Therefore, measurement error biases down my estimates since the underlying own-race effect for blacks must be larger than the cross-race effect.

5. Discussion and Conclusion

In contrast to the OP, who concluded that black immigrants from the South drove down wages for northern blacks, this paper finds no evidence that immigration of any color altered the earnings of whites in the North. Non-causal interpretations of these outcomes are not ruled out by this. This paper also finds no evidence of a mass flight of African-Americans in response to the influx of Southerners. However, the estimates do not imply that outmigration completely offsets immigration, which suggests that spatial arbitrage alone cannot explain the lack of an apparent wage increase for whites.

Compared to previous research on current international immigration to the United States, the estimates are unusual for blacks and consistent with Boustan’s (Abramitzky and Boustan, 2017). As a possible counterfactual to contemporary immigration, the Great Migration differs from previous migration episodes in important ways. The wage-regression and structural estimates support this conclusion, showing that there is an effective imperfect substitution between blacks and whites. Since many Southern immigrants were mostly African-American, the Great Migration had a substantial influence on the North’s skill distribution. As a result, these adjustments were not driven by current immigrants since Southern immigrants and Northern natives were a perfect replacement. On the other hand, in the present day, the skill distributions of foreign immigrants and US natives are substantially more comparable, as were those of Southern immigrants and Northern natives during the Great Migration among racial groups (Abramitzky, Boustan and Eriksson, 2014). To have a greater influence

on Northern whites' wages, Southern whites would have to have moved north in larger numbers or with different skills than white natives. It is important to examine many different migration experiences in order to get a complete picture of how migration affects wages since these counterfactual effects cannot be distinguished from the actual variations in white immigration and wages.

The estimates indicate that immigration has a long-term, downward-sloping effect on blacks' income structure. They also demonstrate that comparative analyses of local labor markets and national economic structural models can capture the effects of immigration on wages. The opposite is also true: despite the downward sloping relative demand curve, the estimates for whites reveal that certain immigrant flows have little impact on wages.

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