

How the North's Response to the Great Migration Undermined Black Upward Mobility

Summary of research by Ellora Derenoncourt | March 2020 | Policy brief by Maria Cecilia Perez

Summary of: *Can you move to opportunity? Evidence from the Great Migration*. Derenoncourt, E. (2021)

Background

The Great Migration was one of the largest internal migrations in the United States. Between 1916 and 1970, over six million Black Americans left the South for cities in the North, the Midwest, and the West, fleeing racial violence, segregation, and discrimination. In addition to offering the opportunity to live in greater physical safety, relocating offered a new pathway to economic mobility, and it is estimated that in many cases Black migrants could nearly double their wages by working in the North compared to the South.

But while the North's promise for Black economic mobility may have delivered for early waves of migrants (those moving between 1916 and the late 1930s), Ellora Derenoncourt finds that today, the most popular Great Migration destination cities are among the worst places for Black economic mobility, and certainly no better than the South. In the research presented here, Derenoncourt investigates the effects of the Migration on intergenerational mobility, as well as on other outcomes such as spending on police and incarceration, in destination cities.

Research Methods and Findings

The key economic measure Derenoncourt focuses on is intergenerational mobility, defined as a child's adult income conditional on their parent's income. To understand the role the Great Migration played in changing upward mobility in the North, Derenoncourt analyzes how major destination cities (e.g. Detroit, Baltimore, and Chicago) transformed in response to the shifting racial composition. Derenoncourt focuses on the second wave of the Migration (1940 - 1970), in which at least 4 million Black Americans left the South, twice as many as the first wave. This large-scale migration induced significant shocks to the destination cities and was one of the largest natural experiments in "moving to opportunity" in US history.

While the economic literature has documented how one's neighborhood has long-term, causal effects on upward mobility, the implicit assumption in this prior research is that neighborhoods are fixed in terms of their effects on children. Derenoncourt's research, however, documents how opportunities for economic mobility can change when there is a big shift in a neighborhood's racial composition.

One of the main challenges posed by this research is that Great Migration cities were not randomly assigned; the chosen destination cities were driven by many factors, including the job opportunities available in a particular city. The research challenge then is to identify the *causal* role of changing racial composition on changes in local economic opportunity. Considering the number of other changes affecting local economies over the period of 1940-1970, this is a difficult research challenge. For example, since many destination cities had large manufacturing industries (which is today associated with being in the Rust Belt, a region of low economic mobility), one might expect to see intergenerational mobility in these cities decline as these industries were automated and outsourced to other countries, *regardless of migration into the cities*.

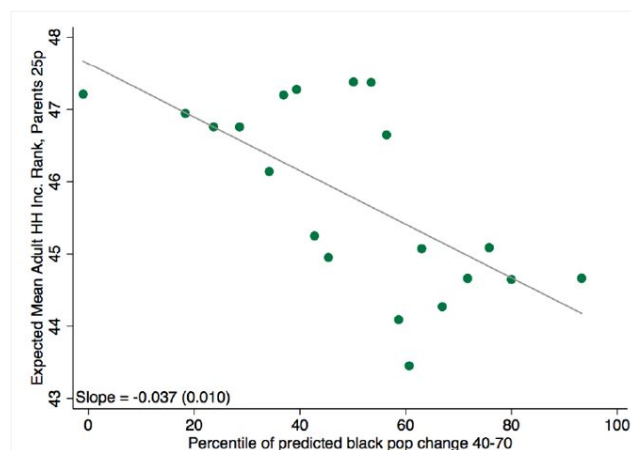
To address these potentially confounding variables, Derenoncourt uses what is called a shift-share instrument to isolate the effect of the Great Migration on intergenerational mobility in the destination cities. The objective of using this instrument is to generate quasi-random variation in the ultimate destination cities migrants settle in. She uses 1940 Census data to measure migration patterns pre-1940 and links these patterns to post-1940 economic shocks in the original southern locations to generate a predicted inflow of Black migrants to destination cities. This empirical strategy enables Derenoncourt to isolate the impact of changing racial composition during the Great Migration on outcomes. Combining this strategy with a unique dataset on the

effects of childhood exposure to different commuting zones today, she is able to separate the impact of the Migration on the composition of families and the impact on opportunities for all families in the destinations today.

She finds that the shift in racial composition in the destination cities led to a reduction in opportunities for upward mobility for children in those cities. An increase in the Black population in Great Migration destination cities of 1 standard deviation results in an 11% reduction in household income as adults. Additionally, Derenoncourt finds that the Great Migration explains about 27% of the upward mobility gap between Black and white households in northern destination cities today. When analyzing variation by gender, the author finds that the reductions in upward mobility fall entirely on Black men, presumably because the literature shows that Black men are more sensitive to the quality of their environment.

A key mechanism driving this decrease in economic mobility is the changing racial composition of the Great Migration destination cities and the resulting changes in investment by local governments. The inflow of Black migrants prompted many white residents to pull their children from public schools, move away from urban city centers, and prompted local governments to increase spending on police and incarceration. The northern cities' response to Black migrants induced generations of disinvestment and has erased the North's economic advantage, resulting in lower economic mobility for the children and grandchildren of Black migrants today.

FIGURE 6: GREAT MIGRATION REDUCED AVERAGE UPWARD MOBILITY IN NORTHERN COMMUTING ZONES



Data sources: IPUMS complete count 1940 US census; Boustan (2016); Chetty and Hendren (2018b).

Implications for Policy

Over the summer of 2020, demonstrations in cities across the US highlighted the ongoing role of structural racism, racialized police violence, and disinvestment in Black communities. One of the central demands of these protests was a call for greater acknowledgment of the extent to which Black families and communities have been systematically excluded from the opportunities for economic advancement that lie at the heart of “the American dream.” This research is an important contribution to our understanding of the nature and scale of that exclusion. Derenoncourt’s findings point to the seriousness of the challenge we still face in undoing racism in our communities and our economic policies. As new proposals emerge around reparations, greater investment in Black communities, and shifting away from a reliance on police and incarceration, a deeper and more nuanced understanding of the role of the Great Migration will be important for crafting smart policies in these areas. This research will play an important part in building that understanding.