

Alternative Migration Strategies for the Southern Poor

GEORGE IDEN*

In this paper the impact of migration on the earnings of the southern poor is analyzed. Particular attention is focused on the effects of destination of migration on earnings, by region and by city size. The following questions with which this paper attempts to deal were thought to be crucial in formulating a migration strategy for reducing southern poverty: Does migration increase the earnings of the southern poor? How do the earnings of migrants to southern metropolitan areas compare with the earnings of migrants to northern metropolitan areas? Within regions, do the earnings of migrants increase with the city size of destination?

To isolate the effect of migration patterns on earnings, a multiple regression model was used to explain the earnings of southern workers. The model included, in addition to variables pertaining to migration patterns, variables pertaining to age, education and health. The model was estimated separately for white and non-white males and for white and nonwhite females.

The Model and the Data

A "human capital" type of model was the basis for the regression analysis. The earnings equation was of the following general form:

$EARN = f(A, E, H, M, T, R, S)$, where

EARN = annual earnings from wages, business income, and farming;

A = age;

E = number of years of education;

H = health status;

M = migration pattern;

T = number of years since migration;

R = race; and

S = sex.

Earnings were expected to increase with age up to a certain point and then to decline. The increase in earnings with age is due to experience and, in part,

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to custom and institutional arrangements which reward seniority. At some age, generally depending on education, earnings tend to decline owing to such factors as declining physical and mental capabilities and to obsolescence of skills.

Earnings tend to increase with the amount of education, partly as a return for the investment in schooling and partly because education, privilege and to some extent ambition tend to be highly inter-correlated. Moreover, the returns to education and experience tend to interact; and the more education the longer earnings tend to increase with age.¹

Health would have a bearing on earnings. The most direct relationship would be that poor health would prevent working or cause the worker to be employed at a less productive job. Indirect effects would include the effect of poor health on the acquisition of education and training. The circle of causation is complete since low earnings are a cause of poor health.²

Migration, also, may have an important effect on earnings.³ Migration is an essential feature of the adjustment of labor to diverse and changing opportunities. It was expected that migration would have a positive effect on the earnings of the southern poor because economic conditions in the South have traditionally been particularly adverse for blacks and for workers with limited skills. The most interesting issue pertained to the question of which destinations offer the best (least adverse) opportunities.

It was expected that earnings would, in general, be positively related to the city size of destination. Larger cities may offer a greater range of jobs, more capital per worker, and more advanced technology.⁴

Empirical studies have documented that race and sex have major impacts on earnings.⁵ Particularly, any study of southern labor markets should pay special attention to the effects of race. Since race and sex interact with all of the other explanatory variables, the model was estimated separately for the four demographic groups: white and nonwhite males, and white and nonwhite females.

The 1967 Survey of Economic Opportunity (SEO) was the source of data for this study. From the national SEO file, individuals were selected who (a) resided in the South, (b) had last moved from the South, or (c) were living in the South at age 16 but were not residing in the South at the time of the Survey. The definition of the South used in the Survey is the same as the Census definition; however, in this study of migration, Baltimore and Washington were considered outside of the South. This was done for two reasons: First, Baltimore and Washington are similar to the large metropolitan areas on the eastern seaboard; and, second, they are so large that they would swamp the rest of the metropolitan South. Only adults (that is, age 14 and older) were included in the subfile. Excluded were persons in school, in the military, or in institutions. Also excluded because the focus of the study was on low and middle income groups, were persons in families having income of at least \$15,000 per year or assets of at least \$100,000.

The SEO contained information on annual earnings for 1966, as well as age, education, health status, and migration. Migration was defined as a move

of at least 50 miles; and the survey contained information on the region and degree of urbanization not only at the time of the survey but also for the previous residence and residence at age 16. Limitations of the data included the absence of information on the migrant's earnings and employment experience before the move took place.

Regression Formulation and Results

The model was specified in linear form and estimated by ordinary least squares. The variables were in dummy form, that is, 1 if the observation had the particular characteristic and 0 otherwise.

Some of the results of the regression analysis are presented in Table 1. The model explained about 45 percent of the variation in earnings, which seemed reasonably good for micro data. In a particular equation, the coefficients for the dummy variables represent comparisons with the omitted group. For example, in the set of equations for migration pattern, there is a dummy variable for every category of migrant (including not migrating) except for persons living in urban non-metropolitan areas. This latter group is the standard which can be used to interpret the effects of city size and migration from the South. In the table, the columns marked "A" pertain to nominal earnings; while in the columns marked "B" an attempt was made to standardize the dependent variable for major differences in the cost of living.⁶ The results are presented for males but not females. This is partly in the interest of saving space and partly because the results were more satisfactory for males. (A more complete set of results is available from the author on request.)

First, for nonwhite males, the largest migration coefficient is for the group migrating from the South and not residing in metropolitan areas of $\frac{3}{4}$ million or more in population. Within the South, nonwhite males earned the most in metropolitan areas of between $\frac{1}{2}$ and $\frac{3}{4}$ million; although migrants' earnings in the next highest and lowest city size categories were not substantially less. The earnings for the group residing in rural areas were below the standard although not by a large margin.

Second, in the case of white males, migrants moving to southern cities between 500,000 and 750,000 in size received the highest earnings. The next highest categories were the migrants going to the big city North (population at least 750,000) and those going to southern cities of between 250,000 and 500,000.

The most notable effect of the cost of living adjustment was to eliminate the differential for white males between the North and the urban nonmetropolitan South (the omitted variable). The cost of living adjustment reduced the nominal difference by approximately \$500 in the case of non-white males.

The results in Table 2 may be used to explore the effects of education and migration on earnings. In this case, the omitted variable is residence in a rural area. The coefficients for the variables other than migration are omitted to save space. Differences between the coefficients are of primary interest here. The results generally do not support the hypothesis of there being a positive relation-

ship between education and the returns from migration, with the exception of college education. Even so, black males with a college education earned about \$1,000 more in the North than their counterparts in the urban South — the same approximate differential for the group with less than five years of school-

TABLE 1
Regressions Relating Annual Earnings to
Age, Education, Health and Migration Pattern, by Race
Southern Males, 1966 Earnings

Regression Coefficients	Whites		Nonwhites	
	A	B	A	B
Constant	2764	2829	1744	1727
Age: 14-18	373**	406*	419**	390**
19-24	2337*	2221*	1573*	1483*
25-34	4261*	4019*	2945*	2734*
35-54	4863*	4593*	3195*	2952*
55-64	3982*	3753*	2538*	2343*
64	—	—	—	—
Education: 0-8	-2449*	-2294*	-1893*	-1715*
9-11	-1561*	-1439*	-1474*	-1352*
12	-938*	-860*	-1264*	-1147*
12	—	—	—	—
Health Limitation	-2106*	-1986*	-1611*	-1476*
Migration Pattern:				
Rural	-598*	-620*	-221	-235*
SMSA1	133	-203	823*	614*
SMSA2	-55	-371*	321	154
SMSA3	427*	67	632*	440
SMSA4	511*	146	598*	413*
MIG1	-68	-393*	340	172
MIG2	522*	151	825*	619*
MIG3	1058*	648*	944*	732*
MIG4	295*	-53	882*	676*
MN	454*	-79	1823*	1333*
MNL	798*	29	1576*	1060*
Other	—	—	—	—
R ²	.45	.43	.45	.43
No. Observations	5860	5860	5544	5544

*Significant at the 5 percent level of confidence

**Significant at the 10 percent level of confidence

Notes:

A equations—dependent variable earnings.

B equations—dependent variable earnings adjusted for differences in the cost of living.

SMSA1 Nonmigrant, southern SMSA, population under 1/4 million

SMSA2 Nonmigrant, southern SMSA, population 1/4 to 1/2 million

Nonmigrant, southern SMSA, population 1/2 to 3/4 million

Nonmigrant, southern SMSA, population 3/4 million or more

MIG 1 through 4. Migrant to a southern SMSA; size as above.

MN Northern migrant not living in an SMSA of 3/4 million or more.

MNL Northern migrant living in an SMSA of 3/4 million or more.

Other Urban

TABLE 2
Tests for Interaction Effects on Earnings
Migration and Education

Variables	White Males	Nonwhite Males
N ₁	438	1525*
N ₂	1101*	1857*
N ₃	1173*	2087*
N ₄	1150*	1639*
N ₅	1006*	1658*
N ₆	1625*	2782*
S ₁	576*	535*
S ₂	926*	800*
S ₃	809*	686*
S ₄	724*	676*
S ₅	802*	—77
S ₆	922*	1610*
UNON	677*	622*
R ²	.45	.45

*Significant at 5% level.

**Significant at 10% level.

Notes: N migrants to the North.
S migrants to the urban South.
UNON nonmigrants residing in urban South.
Subscripts 1 Education 0-4 years
Subscripts 2 Education 5-8 years
Subscripts 3 Education 9-11 years
Subscripts 4 Education 12 years
Subscripts 5 Education 13-15 years
Subscripts 6 Education 16+ years

ing. Another possible exception has to do with white males with less than five years of education. That group was unable to increase its earnings as much through migration as other groups (in absolute and probably in relative terms as well). There is no indication that earnings for whites with limited education were substantially higher in the North than in the urban South. For the group having least education, the migrants to the urban South earned more than their counterparts migrating from the region.

The regression coefficients for length of stay may be compared in Table 3. The time elapsed since migration took place was divided into 4 categories (T₁ less than 2 years, T₂ 2-5 years, T₃ 6-9 years, and T₄ 10 or more years), and dummy variables were assigned to each classification. The estimated coefficients are, in general, consistent with the expected results — earnings increased with time spent in the destination area. The coefficients indicate that during the first two years of residence migrants experience lower earnings than in later years. This adjustment cost appears to be especially severe for nonwhite migrants who migrated to the urban South.

TABLE 3
Regression Coefficients for Length
of Stay, White and Nonwhite Males

Coefficient	Whites	Nonwhites
NT ₁	-486*	- 323
NT ₂	362*	515*
NT ₃	302	704*
NT ₄	734*	728*
ST ₁	-144	-1179*
ST ₂	161	- 444
ST ₃	742*	- 618
ST ₄	399*	- 415*
Rural	-701*	-1238*
Urban	15	- 617*
R ²	.44	.43

Notes: N Migrant to the North
S Migrant to the urban South
T₁ less than 2 years
T₂ 2-5 years
T₃ 6-9 years
T₄ 10 or more years
Rural Nonmover, rural South
Urban Nonmover, urban South

Coefficients pertaining to other variables—age, education, and health—are omitted in the interest of saving space.

*Significant at the 5 percent level of confidence.

Conclusions and Policy Discussion

The empirical investigations of this study lead to the conclusion that migration tends to increase the earnings of the southern poor. Opportunities in the labor market are relatively favorable for white males in moderate-sized cities of the South. In the case of white males, the earnings of migrants to this city size exceeded the earnings of migrants to any other size group within or outside of the South. However, the earnings of black migrants were substantially higher in the North than in the metropolitan South. The earnings of black migrants were not as high in the largest city size group as in lesser metropolitan areas.

These results imply that it may no longer be the case that the North offers the opportunity for higher earnings for the unskilled, because even the less educated whites did relatively well in the South compared to their counterparts in the North. The fact that blacks still earn more outside of the South calls into question the human capital explanation of North-South migration. The results may simply imply greater discrimination in the job market in the South; or, the results may be due to lower quality of education possessed by the black worker.

During the last decade there has been considerable research and policy interest in a migration strategy that would attempt to divert the flow of migrants, in particular blacks, from the path north to the largest urban areas to regional

centers instead. For example, in North Carolina there was an attempt to assist migrants in relocating from a labor surplus area in the eastern part of the state to a "labor shortage" area around Greensboro-High Point.⁷ The results of this study imply that this strategy may be a viable one in the case of whites; but they raise questions about the advisability of this strategy in the case of nonwhites.

It may be that increasingly nonwhites will choose to remain within the South even though the money income of nonwhites in general continues to be higher outside of the region. Policy measures should be aimed at providing viable choices for nonwhites as well as whites. In this regard, equal employment opportunity measures are crucial elements in a migration strategy for the nonwhite poor. Perhaps a migration strategy for nonwhites should also involve encouraging the movement from the central city to the suburb and from the largest cities to intermediate-size cities.

A fundamental element in a migration strategy for reducing southern poverty would be the gathering of, and dissemination of, information about possible alternative destinations. Recent research indicates that the low income worker seldom considers alternative destinations before making a move.⁸ This is not surprising in view of the paucity of information about job and housing prospects for the low income worker in the U. S.

Recent research has also indicated that housing is often a critical problem to the low income migrant.⁹ National housing policy will probably have a greater impact on this problem than structural policies. Progress on the civil rights front could do much to improve housing conditions for the nonwhite migrant. In addition, housing could be subsidized for low income workers. In particular, subsidies designed to increase the supply of low income housing in areas experiencing large influxes of low income migrants could be a major element in a migration strategy.

Much the same applies to job prospects. Migration is much less effective even during a mild recession. Thus, a migration strategy which depends on sustained high levels of aggregate demand may, in turn, depend on structural reforms and an effective incomes policy to reduce inflationary biases in the economy.

FOOTNOTES

¹See Gary S. Becker, *Human Capital*. New York: Columbia University Press, 1964.

²Selma J. Mushkin, "Health as an Investment," *Journal of Political Economy*, Vol. LXX, No. 5, Part 2 (Oct., 1962), pp. 129-157.

³For discussion of the benefits and costs from migration under uncertainty, see Larry A. Sjaastad, "The Cost and Returns of Human Migration," *Journal of Political Economy*, Vol. LXX, No. 5, Pt. 2 (Sup. Oct., 1962), pp. 80-93; and Michael P. Todaro, and John R. Harris, "Migration, Unemployment and Development: A Two-Sector Analysis," *American Economic Review*, Vol. LX, No. 1 (March, 1970), pp. 126-142.

⁴Victor Fuchs found that wages were positively related to city size, especially within the South; and Lansing and Morgan found that migration from the rural South to the North was associated with large percentage gains in hourly earnings. More recently, Richard Wertheimer, using data from the 1967 Survey of Economic Opportunity, found that the earnings of migrants tended to be related to the size of the city of destination. The exception was that black migrants to the largest city size category (at least 3/4 million population) had lower earnings than their counterparts migrating to somewhat smaller metropolitan areas. See Victor Fuchs, "Differentials in Hourly Earnings by Region and City Size, 1959," New York; National

Bureau of Economic Research, Occasional Paper No. 101, 1967, pp. 10-17; John B. Lansing and James N. Morgan, "The Effect of Geographical Mobility on Income," *Journal of Human Resources*, Vol. II, No. 4 (Fall, 1967), pp. 449-460; and Richard F. Wertheimer, *The Monetary Rewards of Migration Within the U.S.*, Washington, D. C.: The Urban Institute, 1970.

⁵See, for example, Fuchs, *op. cit.*; and Giora Hanoach, "An Economic Analysis of Earnings and Schooling," *Journal of Human Resources*, II (Summer 1967), pp. 310-329.

⁶The dependent variable, EARN, was adjusted as follows:

metropolitan South	EARN X	.863
metropolitan North	EARN X	.926
nonmetropolitan North	EARN X	.917
nonmetropolitan South	EARN X	1.000

The adjustments were based on the Bureau of Labor Statistics' Comparative Living Cost Index for a "lower Standard." See U.S. Bureau of Labor Statistics, *3 Standards of Living for an Urban Family of Four Persons*, Bulletin No. 1570-5, p. 27.

⁷See *North Carolina Mobility Project*, North Carolina Manpower Development Corporation, Chapel Hill, N.C. Unpublished, U.S. Department of Labor Mobility Contract #87-35-68-06. For a broader discussion of the mobility pilot projects see Charles K. Fairchild, *Worker Relocation: A Review of U.S. Department of Labor Mobility Demonstration Projects*, Washington, E. F. Shelly & Co. Unpublished, U.S. Department of Labor Contract No. 87-34-69-01.

⁸Abt Associates, *The Causes of Rural to Urban Migration Among the Poor*, Cambridge, Mass. Office of Economic Opportunity (OEO) No. B99-4841; pp. 230-241.

⁹TRACOR, *A Study of the Economic Consequences of Rural to Urban Migration*, Austin, Texas, December 1969, pp. 10-11; unpublished OEO Contract B-89-4594.