THE RETURNS TO SOUTHERN MIGRATION: COMMENT

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In this paper Professor Laber has made a significant contribution to the literature on migration. Anchoring his work in economic theory, he has done a careful job of estimating the gross inter-regional returns from migration for the period 1960-1966. Moreover, he has paid attention to some crucial aspects that have typically been swept under the rug by previous researchers, such as geographic differences in the cost of living. Given its purpose, I have no major criticism of this work, but rather a few questions that remind the reader of the essential difficulty of the task.[1]

The breadth of information contained in the Social Security data is quite limited. Does this make a difference for the purpose at hand? First, educated workers are generally more inter-regionally mobile than less educated workers,[2] and the age-earnings profile of educated workers is steeper than that of less educated workers. Second, migration is often associated with a period of unemployment in the destination area, particularly among less educated workers If the migrants were unemployed during the period of time critical to this data set, they would not be included in the data set. Third, Professor Laber makes the plausible suggestion that migration may be partially a response to a set of negative circumstances (the "push theory" of migration). If so, it may be that other workers in similar circumstances chose not to move and yet tended to regress toward the mean income of their peer groups. These factors may tend to produce an upward bias to the estimates.

Does the particular period covered by this study affect the results? It seems probable that the conditions associated with the strong business expansion were differentially favorable to migrants compared to nonmigrants.[3] The expansion reduced the unemployment risk associated with migration. Moreover, during expansions firms probably lag behind in granting wage increases to the nonmovers. In the first downturn, it seems likely that the migrants may experience differentially high employment and some may return to the area of origin.

Based on the results of this and other studies, we may conclude that during periods of expansion and particularly in the case of Negro South to North movement there appear to be substantial monetary rewards associated with inter-regional migration. Wertheimer using cross section data from the 1967 Survey of Economic Opportunity and multiple regression analysis, estimated the present value of lifetime returns to white males at $6,500 and $27,100 for those having 0-12 years and over 12 years of schooling, respectively. The comparable estimates for nonwhites were $9,900 and $30,000, respectively.[4] Andrew Brimmer, using Social Security data for the period 1965-1970 and nonmigrants in the region of origin as a standard of reference, estimated the earnings gain from movement out of the Southeast at 33 percent for Negro males and 113 percent for white males.[5]

Focusing on Professor Laber's results, what are their implications? The individual gains by migration in either direction, and net migration is related to higher gross returns. These conclusions may have significant implications for the individual, but they are rather weak indicators of market efficiency. (One can imagine a situation in which every long distance migrant gained even though he accepted a job like the one in a nearby location).

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What market conditions are producing the migration flows? The usual explanation offered for the South is that, due to market conditions, there has been net in-migration of skilled and net out-migration of unskilled. Perhaps this explanation has been over-emphasized relative, say, to racial discrimination, and perhaps it needs to be re-examined for the 1960's. Even if the net flows have the right sign, perhaps the gross flows are too high or too low. In addition, one is prompted to seek further elaboration on the policy implications. Based on efficiency or some other criteria, which types of migration might be encourage, and how? Given the space constraint, perhaps these are questions for another paper and another discussion.

FOOTNOTES

[1]To answer the question pertaining to the returns from inter-regional migration one needs to ask what might have been and what will be, and of course both of these questions are unknowable. Human capital theorists have not feared to tackle both questions. The usual approach taken to the former is to attempt to "hold other things constant", except the activity under study.

[2]See Horace C. Hamilton and Elizabeth M. Suval, "Some New Evidence on Education Selectivity in Migration To and From the South". Social Forces Eva Mueller, The Geographic Mobility of Labor, Ann Arbor: Inst. for Social Research, 1967.

[3]It is interesting to note that another study, which used the same basic data source but covered a period of relatively slack aggregate demand, did not find high returns associated with geographic mobility. See Lowell Galla-way, Geography Labor Mobility in the United States 1957 to 1960, U.S. Social Security Administration, ORS, Research Report No. 28, 1969.

[4]These estimates assumed a discount rate of 10 percent and were be-fore adjustments for cost of living differences. See Richard Wertheimer, II, The Monetary Rewards of Migration Within the U.S. Washington: The Urban Institute, 1970.

[5]These estimates were not adjusted for cost of living differences, which could offset the gain to whites but probably not for nonwhites. See Andrew Brimmer, "Regional Growth, Migration, and Economic Progress in the Black Community". A Convocation Address Presented at Bishop College, Dallas, Texas, 1971, Washington, D.C.: Board of Governor of the Federal Reserve System.