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Journal of Housing Economics

journal homepage: www.elsevier.com/locate/jhec

Racial segregation in the United States since the Great Depression: A dynamic segregation approach[☆]

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ARTICLE INFO

Keywords:

Racial segregation

Tipping

Regression discontinuity

JEL classification:

C23

D19

N92

R23

ABSTRACT

Racial segregation is a salient feature of cities in the United States. Models like Schelling (1971) show that segregation can arise through white preferences for residing near minorities. Once the threshold or “tipping point” is passed, the models predict that all whites will leave. Our paper uses census-tract data for six cities in the United States from the 1930s and 1970–2010 to measure decadal, city-specific tipping points. We use a structural break procedure to estimate the tipping points and incorporate these in a regression-discontinuity design to estimate the impact on population trends for neighborhoods that exceed that threshold while controlling for city-specific trends in migration. We find that the magnitude of white flight for neighborhoods that have tipped in 2000 has fallen to between 23% and 36% of the level seen in 1970. There was no discontinuity in white flight after accounting for migration trends during the Great Depression. Finally, we show that in-migration of minorities in tipped neighborhoods do not fill in the gap left by white flight.

1. Introduction

Racial segregation is a salient feature of cities in the United States. Despite the Constitution of the United States declaring everyone is equal and federal laws such as the Fair Housing Act prohibiting discrimination on the basis of race, segregation has worsened across the country since the Civil Rights era (Massey, 2001). With the advent of World War 1, an estimated 3.5 million rural black migrants relocated to northern cities between 1910 and 1950 (Collins, 1997). While industrial jobs created during the two World Wars provided a catalyst for migration, blacks found themselves subject to direct actions against their presence or legally restricted from neighborhoods due to racially restrictive covenants (Wright, 1986; Brooks, 2011).

Despite the efforts to prevent blacks from migrating north, blacks were able to establish footholds within cities, often in declining neighborhoods. Once the foothold in a neighborhood reached a threshold or “tipping point”, it is assumed that the white population would flee, a term colloquially known as “white flight”. While research has generally stated that white flight began in the 1950s, Massey and Denton (1993) provide evidence of hostile reactions to blacks after the Great Migration. Harlem was an early example. Around 1910, Harlem

experienced a real estate bubble and racial restrictions were eased due to the need for buyers. Over the next twenty years, 87,000 blacks moved into Harlem while 118,000 whites left (Osofsky, 1996). Fig. 1 demonstrates this visually by plotting the share of black residents in a census tract between 1910 and 1940. It clearly shows Harlem, which was predominately white in 1910 transitioning to a black enclave by 1940.

There are two schools of thought that rationalize racial segregation. The first is the classic model of Tiebout (1956) and Rosen (1974) which attribute urban segregation to households’ differences in incomes and preferences, which determine their willingness to pay for location characteristics. Given that blacks had restricted access to education, this led black households towards neighborhoods with lower levels of amenities commensurate with their income. Relatedly, Waldfogel (2008) finds evidence that the geographic location of restaurant chains is closely correlated to the local demographic composition. This suggests that any changes in racial composition may make the local amenities more attractive to new occupants and less attractive to the previous occupants.

On the other hand, the theoretical frameworks of Schelling (1971) and Becker and Murphy (2000) attribute racial segregation to

[☆] The authors thank the special issue editor Stephen Ross, the associate editor and two referees. Their comments have greatly improved the quality of this paper. The authors also acknowledge helpful feedback provided by Justin Bucciferro and participants of the 2015 Annual Meeting of the Economic History Association as well as feedback from participants of the 2015 Annual Meeting of the Population Association of America, 2017 Asia Pacific Economic and Business History Conference and a brownbag seminar at the University of Melbourne. Emilia Perez-Orsellis provided excellent research assistance. The usual disclaimer applies; any remaining errors are our own.

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<https://doi.org/10.1016/j.jhe.2018.03.004>

Received 24 March 2018; Accepted 24 March 2018

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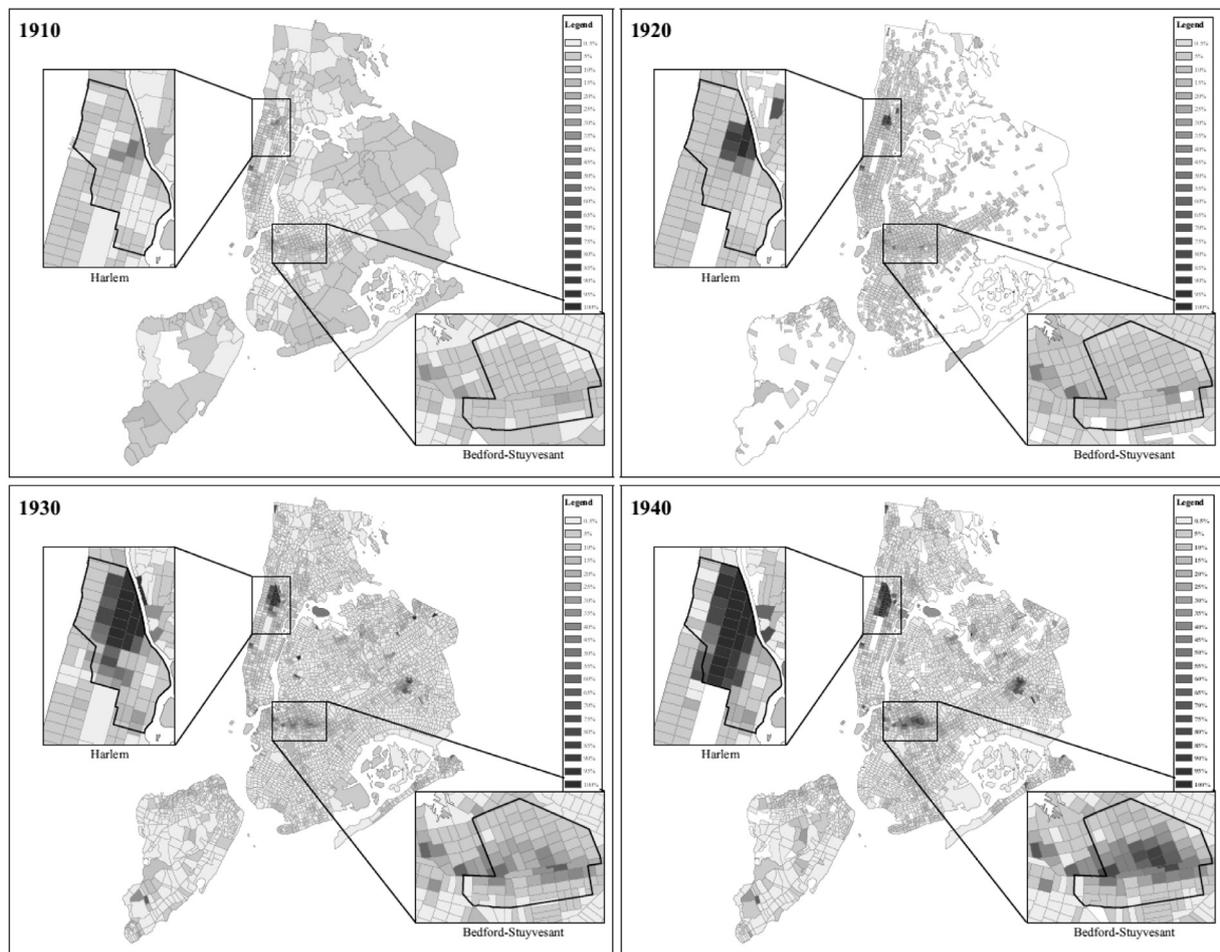


Fig. 1. Share of non-white population in New York by census tract.

Note. The shaded areas reference the share of black population in a census tract. Darker areas indicate a higher share. Two black enclaves in the 20th century are separately highlighted, Harlem in Manhattan and Bedford-Stuyvesant in Brooklyn. Source: NHGIS.

households' concerns about the demography of their neighbors. The seminal work of Card et al. (2008) examines the process by which a neighborhood can polarize towards complete segregation, or tipping. They attribute segregation in urban neighborhoods to white's preferences for not residing near non-white minorities.

Other models attempt to merge both schools of thoughts by explaining that segregation is an interaction between racial preferences and exogenous location characteristics (see Banzhaf and Walsh, 2010).¹ Recently, Caetano and Maheshri (2017) expand on the Schelling model to test for tipping behavior in schools in Los Angeles between 1995 and 2012. Adjusting for endogenous preferences for school quality, they find evidence that schools remain susceptible to tipping. Using census data aggregated at the census block level, Shertzer and Walsh (2016) find evidence that white flight can explain between 34% and 50% of the

¹ Banzhaf and Walsh (2010) develop a general equilibrium model that captures the behavior of households when choosing the neighborhood they want to live in based on its endogenous demographics and its exogenous public good. Several interesting findings emerge from the model. When sorting arises from tastes for the exogenous public good rather than demographic tastes, some racial segregation can occur with richer households benefiting from higher levels of the public good. However, when tastes for endogenous demographic composition are incorporated in the model, further segregation occurs consistently with the prediction of Schelling's "tipping model". More importantly, policy that improves the public good in a low-quality but high minority neighborhood may lead to an increase in group segregation, as richer minorities move into the neighborhood due to the improvement in the public good. In neighborhoods where differences in public goods are less important, sorting is dominated by tastes of demographic preferences over income-based sorting on the public good.

increase in segregation seen between 1910 and 1930. Using an instrumental variables approach, Boustan (2010) finds that a black migrant to a northern city between 1910 and 1940 led to 2.7 white departures.

We step back from looking for any causal claims on what is driving tipping or estimating the economic consequences of segregation (see Ananat, 2011) and instead focus on how the long-term dynamics of tipping have changed for six cities in the 1930s and re-examine those cities from 1970 through 2010. Using census tract data, we closely follow the regression discontinuity approach of Card et al. (2008) to estimate the magnitude of white flight for neighborhoods that have tipped for six cities in the United States during the 1930s and compare those results for the same cities from 1970 through 2010.

We find that the magnitude of white flight as a percentage of whites leaving compared to the base year population peaked in the 1970s. While the point estimates found in the 1930s are close to the level found in the 1970s, they are not precisely estimated. The results suggest that there was no discontinuity in white flight in our sample during the Great Depression after accounting for migration trends. Lastly, we have found evidence that for neighborhoods that have tipped, the in-migration of minorities do not fully account for the population of whites leaving. This suggests that neighborhoods that have tipped become less dense over time and may help explain the declining fiscal capacity of central cities in our sample.

This paper makes important contributions to the literature on dynamic racial segregation in the U.S. by highlighting the declining impact of white flight over a long time series of data and across six cities. These cities historically had substantial variation in the share of

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