A Note on Nonwhite Migration, Welfare Levels, and the Political Process

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A NOTE ON NONWHITE MIGRATION, WELFARE LEVELS, AND THE POLITICAL PROCESS

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I.

The issue of the demand for public assistance (welfare) has been studied extensively in recent years. One area of recent concern has been whether differential welfare levels in the United States have influenced migration patterns, particularly of nonwhites [see, e.g., Cebula (1974), DeJong and Donnelley (1973), Pack (1973), Sommers and Suits (1973), Gallaway, et. al. (1967), or Cebula and Schaffer (1975)].

Certain studies, including Cloward and Piven (1968) and Sommers and Suits (1973), have argued that, with regard to welfare and nonwhite migration, causality runs in both directions, i.e., nonwhite migration depends upon welfare levels but welfare levels are also dependent upon nonwhite migration patterns. Sommers and Suits, e.g., (1973, p. 196), argue in particular that while higher welfare benefits attract black migrants, ". . . we should also be cognizant . . . that migrants modify the environment of which they become a part." Going further, Sommers and Suits (1973, p. 196) argue that

> . . . Negroes who were disenfranchised in the South became voters in the North. Although welfare rolls were not large to begin with, a growing black electorate manifested itself in a number of changes in public policies, some of which had the consequence of enlarging welfare
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> . . .

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Thus, Cloward and Piven (1968), Sommers and Suits (1973), and others are hypothesizing that while (a) welfare payments directly influence the locational decisions of black families, (b) these same families over time form a growing black electorate which manifests itself in political pressures (the vote) for more and higher welfare benefit levels. The purpose of this Note is to test this two-pronged hypothesis empirically.

II.

Studies of the relationship between migration and welfare ordinarily estimate a single-equation regression by ordinary least squares (OLS). The problem with such an approach is that it does not permit one to take into account any possible simultaneity among variables in the analysis. Since the two-pronged hypothesis being tested here in fact argues that a simultaneity between M_i and W_i exists, the single-equation approach is clearly inappropriate. What is needed instead is a multi-equation system estimated by two-stage, least squares (TSLS).

Accordingly, to test the above hypothesis, i.e., that nonwhite migration depends upon welfare levels and that, through a public choice process, welfare levels depend upon nonwhite migration we postulate the following two-equation model (to be estimated by TSLS):

$$(1) \quad M_i = a_0 + a_1 W_i + a_2 U_i + a_3 Y_i + a_4$$

$$(2) \quad W_i = b_0 + b_1 M_i + b_2 U_i + b_3 I_i + b_4$$

where a_0, b_0 = constants

a_4, b_4 = error terms

M_i = net nonwhite in-migration rate to state i, 1960-1970

W_i = growth in welfare benefits per recipient in state i over the period

U_i = average unemployment rate in state i, 1960

Y_i = per capita income in state i, 1960

I_i = median income in state i, 1960.

These data were all gathered from various issues of the *Statistical Abstract of the United States*.

III

The empirical results from estimating (1) - (2) by TSLS are

$$(3) \quad M_i = -4.32447 + 0.43967 \ W_i - 2.45826 \ U_i + 0.02815 \ Y_i$$
$$(2.37) \qquad (1.34) \qquad (1.74)$$

$$DF = 35, \ R^2 = .71, \ F = 27.93577$$

and
$$W_i = -5.04136 + 0.77912 \ M_i + 0.31378 \ U_i + 0.01263 \ I_i$$
$$\text{(4)} \qquad\qquad\qquad (2.14) \qquad\qquad (0.97) \qquad\qquad (1.70)$$

$$DF = 35, \ R^2 = .46, \ F = 9.98475$$

where terms in parentheses are t-values.

Overall, these results are quite good. All six of the estimated coefficients had the expected sign, and four $(W_i, Y_i, M_i, \text{and } I_i)$ were significant at beyond the .05 level. The coefficients of determination were satisfactory, and the F-ratios were both highly significant.

In terms of the basic objective of this Note, results (3) and (4) clearly indicate that there exists a substantial interdependence between W_i and M_i, i.e., empirically speaking, nonwhite migration is significantly affected by welfare levels and welfare levels in turn are significantly affected by nonwhite migration. Thus, this TSLS analysis of 1960-1970 interstate migration lends support to the hypothesis that while nonwhite families are attracted by higher welfare benefit levels on the one hand, through the political (voting) process they effectively exert pressures to raise welfare levels on the other.

Two observations can now be made on the basis of these findings. First, it appears that the existence of differential welfare benefits levels in the United States may significantly distort population flows. Second, areas with "high" welfare benefits are likely to attract those segments of the population interested in receiving such benefits and, over time, these segments are likely to worsen the financial problems in these areas (states and/or cities) by exerting political pressure (the vote) for higher benefit levels. Both of these observations imply the need for a uniform (standardized) welfare system throughout the United States.

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