THE EFFECTS OF RESIDENTIAL SEGREGATION DURING CHILDHOOD ON LIFE CHANCES: CAUSAL EVIDENCE USING HISTORICAL RAILROAD TRACK CONFIGURATIONS

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Keywords: segregation, intergenerational mobility, neighborhood/school quality; racial inequality

Abstract:

Human capital accumulation may depend on the neighborhood in which one grows up through a variety of channels, including access to school resources, health and social service funding, neighborhood crime, peer and role model effects, proximity to a chemical dumping ground or related environmental hazards, and connectedness to job networks and informal sources of support. This paper provides new causal estimates of the effects of racial residential segregation during childhood on subsequent adult attainment outcomes. I account for the potential endogeneity of segregation and neighborhood location choice using instrumental variables based on 19th Century railroad track configurations, historical migration patterns, political factors, and topographical features. Following Ananat (2011), it is shown that cities that were subdivided by railroads into a greater number of physically-defined neighborhoods became significantly more segregated after the Great Migration of African-Americans to northern and western cities. To examine the consequences of segregation during childhood, this study analyzes the life trajectories of children born since 1950 and followed through 2009. Data from the Panel Study of Income Dynamics (PSID) spanning four decades are linked with information on neighborhood attributes and school quality resources that prevailed at the time these children were growing up. Results from 2SLS/IV models demonstrate that, for blacks, the level of racial residential segregation during childhood negatively impacts subsequent educational attainment, reduces the likelihood of high school graduation, increases the probability of incarceration, reduces adult earnings and the likelihood of intergenerational mobility, increases the annual incidence of poverty in adulthood, and leads to worse health status in adulthood; segregation effects for whites were not statistically significant across each of these outcomes but the point estimates were in the opposite direction of the corresponding estimates for blacks. The results are consistent with prior research that has found that increased segregation leads to more inequality in spending across districts of the same MSA, thus worsening the relative position of poorer districts.

^{*} I wish to thank Elizabeth Oltmans Ananat for sharing data on 19th century railroad track configurations, and the PSID staff for access to the confidential restricted-use PSID geocode data. This work benefited from comments received from seminar participants at Columbia University and the University of Chicago.

The Effects of Residential Segregation during Childhood on Life Chances:

Causal Evidence from Historical Railroad Track Configurations

Univ of Chicago, Inequality Working Group Conference on Intergenerational Mobility

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	Table 1. Metropolitar 1980-200) Segre	gation	*
		<u>1980</u>	<u>1990</u>	<u>2000</u>
Blac	ck with Whites	73.8	68.8	65.0
Hisp	panic with Whites	50.7	50.6	51.5
Asia	an with Whites	41.2	42.0	42.1
Census,	2000	* Inde	ex of diss	similarity

Why Human Capital may be influenced by child neighborhood?

- Access to school resources
- Peer & role model effects
- Neighborhood crime
- Health & social service provision
- Environmental hazards
- Connections to job networks
- Informal sources of support







Research Design

Cities subdivided by railroads

- greater number of physically defined neighborhoods
- became significantly more segregated during Great Migration than other cities (Ananat, 2011)

Use 19th-century railroad configs as instrument for city segregation during childhood for individuals born post 1950 Measuring a City's Railroad-Induced Potential for Segregation

RDI=railroad division index Quantifies extent to which city's land is divided into smaller units by railroads

$$RDI_{c} = 1 - \sum_{i=1}^{n} \left(\frac{area_{neighborho\ odi}}{area_{total}}\right)^{2}$$



Validity of IV

Railroad division does NOT predict pre-period characteristics nor initial characteristics of city inmigrants (Ananat, 2011)

RDI affects outcomes only in places that received significant black inflows

Segregation Measures

• **Dissimilarity Index** – assess sorting of individuals

$$D_{t} = \frac{1}{2} * \sum_{i=1}^{n} \left| \frac{b_{it}}{B_{t}} - \frac{w_{it}}{W_{t}} \right|$$

- \mathbf{b}_{it} and \mathbf{w}_{it} refer to the # of black and white individuals, respectively, living in neighborhood *i* at time *t*
- B_t and W_t refer to total # black and white individuals, respectively, in the city
- ranges from 0 to 1, with 1 denoting complete segregation
- Interpretable as the percent of blacks who would need to be reassigned to a different neighborhood for perfect integration to be achieved given the city's overall racial composition
- Racial Composition of neighborhood

5/14/2012





Data

PSID individuals born since 1950 followed up to 2009

- Adulthood attainment outcomes (1984-2009);Data linked to neighborhood of upbringing
- (earliest available census block/tract/cnty in childhood)

Resulting Sample:

- Use all person-year obs in adulthood (73,087)
 - from 7,111 (2,597) individuals from 2,275 (722) families
 - from 1,599 (574) neighborhoods in 299 (125) counties (76 MSAs)
- Mean age = 35, range [20,59], 37% black

Matched to...

- 1960-1990 Census data, case inventory of desegregation court cases
- 1955-1990 Office of Civil Rights (Logan, American Communities Project)
- 1962-1982 Census of Governments, and Common Core data (compiled by National Center for Education Statistics.)







2SLS/IV Mo	del Specification
School District Segregation (*Race)	Railroad Division Index (Instrument)
$(1)SSeg_{cni} = \theta_1 RDI_c + \theta_2$	$RDI_c *White + \theta_3 X_{cni} + \mu_{cni}$
(2) $Y_{cni} = \beta_1 SSeg_{cni} + \beta_2 S$ Adult Outcomes of Interest: Generational Mobility, Educational Attainment, SES, Wk Hrs, Incarceration, Health	SSeg _{cni} *White+ $\beta_3 X_{cni}$ + ε_{cn} Exogenous Controls: Birth Yr FE x Race, Gender, Parent Rank

Tes	sting]	RDI as an Instrument
	First stage	
Outcome: RDI Track length per square kilometer	1990 dissimilarity index ^a (1) 0.357 (0.088) 18.514 (10.731)	
Mean of dependent	0.568	
variable N	121	
Source: Ananat, "The Wro AEJ:Applied Econ 3 (2011)	ng Side(s) of the Tr)	acks: The Causal Effects of Racial Segregation on Urban Poverty and Inequality'',

Image: Physical area (square miles/ index ^a 1990 (square miles/ index ^a Outcome: (1) Quitome: (2)
Physical area 1990 (square dissimilarity miles/ index ^a 1,000) ^a Outcome: (1) (2) RDI
RDI 0.357 –3.993
(0.088) (11.986)
Track length per square kilometer 18.514 (10.731) -574.401 (553.669)
Mean of dependent 0.568 14.626 variable
N 121 58

	First stage			Falsification checks
			1910	city characteristics
Outcome:	1990 dissimilarity index ^a (1)	Physical area (square miles/ 1,000) ^a (2)	Pop. (1,000s) ^b (3)	
RDI	0.357 (0.088)	-3.993 (11.986)	0.666 (1.36)	
Track length per square kilometer	18.514 (10.731)	-574.401 (553.669)	75.553 (135)	
Mean of dependent variable	0.568	14.626	1,527	
N	121	58	121	

	First stage			Falsificat
			1910	city characte
Outcome:	1990 dissimilarity index ^a (1)	Physical area (square miles/ 1,000) ^a (2)	Pop. (1,000s) ^b (3)	Ethnic dissimilarity index ^a (4)
RDI	0.357 (0.088)	-3.993 (11.986)	0.666 (1.36)	0.076 (0.185)
Track length per square kilometer	18.514 (10.731)	-574.401 (553.669)	75.553 (135)	15.343 (53.249)
Mean of dependent variable	0.568	14.626	1,527	0.311
Ν	121	58	121	49

Source: Ananat, "The Wrong Side(s) of the Tracks: The Causal Effects of Racial Segregation on Urban Poverty and Inequality", AEJ:Applied Econ 3 (2011)

	First stage			Falsificati	ion checks
			1910	city character	istics
Outcome:	1990 dissimilarity index ^a (1)	Physical area (square miles/ 1,000) ^a (2)	Pop. (1,000s) ^b (3)	Ethnic dissimilarity index ^a (4)	Ethnic isolation index ^a (5)
RDI	0.357 (0.088)	-3.993 (11.986)	0.666 (1.36)	0.076 (0.185)	0.027 (0.070)
Track length per square kilometer	18.514 (10.731)	-574.401 (553.669)	75.553 (135)	15.343 (53.249)	-12.439 (17.288)
Mean of dependent variable	0.568	14.626	1,527	0.311	0.055
N	121	58	121	49	49

	First stage			Falsificat	ion checks	
	1 not ottage		1910	city character	istics	
Outcome:	1990 dissimilarity index ^a (1)	Physical area (square miles/ 1,000) ^a (2)	Pop. (1,000s) ^b (3)	Ethnic dissimilarity index ^a (4)	Ethnic isolation index ^a (5)	Percent black ^b (6)
RDI	0.357 (0.088)	-3.993 (11.986)	0.666 (1.36)	0.076 (0.185)	0.027 (0.070)	-0.0006 (0.0100)
Track length per square kilometer	18.514 (10.731)	-574.401 (553.669)	75.553 (135)	15.343 (53.249)	-12.439 (17.288)	9.236 (0.650)
Mean of dependent variable	0.568	14.626	1,527	0.311	0.055	1.442 percent
Ν	121	58	121	49	49	121

Source: Ananat, "The Wrong Side(s) of the Tracks: The Causal Effects of Racial Segregation on Urban Poverty and Inequality", AEJ:Applied Econ 3 (2011)

Testing RDI as an Instrument

	First stage			Falsificat	ion checks		
			1910	city character	istics		
Outcome:	1990 dissimilarity index ^a (1)	Physical area (square miles/ 1,000) ^a (2)	Pop. (1,000s) ^b (3)	Ethnic dissimilarity index ^a (4)	Ethnic isolation index ^a (5)	Percent black ^b (6)	Street-cars per cap. (1,000s) (1915) ^a (7)
RDI	0.357 (0.088)	-3.993 (11.986)	0.666 (1.36)	0.076 (0.185)	0.027 (0.070)	-0.0006 (0.0100)	-0.132 (0.183)
Track length per square kilometer	18.514 (10.731)	$-574.401 \\ (553.669)$	75.553 (135)	$15.343 \\ (53.249)$	$-12.439 \\ (17.288)$	9.236 (0.650)	3.361 (20.507)
Mean of dependent variable	0.568	14.626	1,527	0.311	0.055	1.442 percent	179
N	121	58	121	49	49	121	13

Source: Ananat, "The Wrong Side(s) of the Tracks: The Causal Effects of Racial Segregation on Urban Poverty and Inequality", AEJ:Applied Econ 3 (2011)

Tes	ting RDI as an Instrument
	Falsification checks
	1920 city characteristics
Outcome: RDI Track length per square kilometer Mean of dependent variable N	Percent black ^b (8) 0.0132 (0.0091) 9.119 (0.615) 1.558 percent 121
Source: Ananat, "The Wrong AEJ:Applied Econ 3 (2011)	g Side(s) of the Tracks: The Causal Effects of Racial Segregation on Urban Poverty and Inequality",

			Falsification checks
-			1920 city characteristics
Outcome:	Percent black ^b (8)	Percent literate ^b (9)	
RDI	0.0132 (0.0091)	0.052 (0.030)	
Track length per square kilometer	9.119 (0.615)	$\begin{array}{c} 0.178 \\ (0.883) \end{array}$	
Mean of dependent variable N	1.558 percent 121	95.9 percent 121	

			Fa	lsification ch	iecks
			1920 city c	haracteristic	8
Outcome:	Percent black ^b (8)	Percent literate ^b (9)	Labor force participation ^b (10)	Percent of empl. in trade ^b (11)	
RDI	0.0132 (0.0091)	0.052 (0.030)	0.029 (0.025)	-0.080 (0.097)	
Track length per square kilometer	9.119 (0.615)	$\begin{array}{c} 0.178 \\ (0.883) \end{array}$	-3.432 (1.560)	0.230 (3.122)	
Mean of dependent variable N	1.558 percent 121	95.9 percent 121	41.9 percent 121	5.77 percent 121	

	Falsification checks					
			1920 city c	haracteristic	28	
Outcome:	Percent black ^b (8)	Percent literate ^b (9)	Labor force participation ^b (10)	Percent of empl. in trade ^b (11)	Percent of empl. in manufacturing ^b (12)	
RDI	0.0132	0.052	0.029	-0.080	0.185	
	(0.0091)	(0.030)	(0.025)	(0.097)	(0.138)	
Track length per	9.119	$\begin{array}{c} 0.178 \\ (0.883) \end{array}$	-3.432	0.230	19.740	
square kilometer	(0.615)		(1.560)	(3.122)	(11.023)	
Mean of dependent	1.558	95.9	41.9	5.77	46.2	
variable	percent	percent	percent	percent	percent	
N	121	121	121	121	121	

Source: Ananat, "The Wrong Side(s) of the Tracks: The Causal Effects of Racial Segregation on Urban Poverty and Inequality", AEJ:Applied Econ 3 (2011)

Testing	RDI as	an Ins ⁻	trument

			Fa	lsification c	hecks	
			1920 city c	haracteristic	cs	
Outcome:	Percent black ^b (8)	Percent literate ^b (9)	Labor force participation ^b (10)	Percent of empl. in trade ^b (11)	Percent of empl. in manufacturing ^b (12)	Percent of empl. in railroads ^b (13)
RDI	0.0132 (0.0091)	0.052 (0.030)	0.029 (0.025)	-0.080 (0.097)	0.185 (0.138)	$\begin{array}{c} -0.074 \\ (0.068) \end{array}$
Track length per square kilometer	9.119 (0.615)	$\begin{array}{c} 0.178 \\ (0.883) \end{array}$	-3.432 (1.560)	0.230 (3.122)	19.740 (11.023)	1.583 (2.417)
Mean of dependent variable N	1.558 percent 121	95.9 percent 121	41.9 percent 121	5.77 percent 121	46.2 percent 121	0.32 percent 121

Source: Ananat, "The Wrong Side(s) of the Tracks: The Causal Effects of Racial Segregation on Urban Poverty and Inequality", AEJ:Applied Econ 3 (2011)

			Fa	lsification c	hecks		
			1920 city c	haracteristic	CS		
Outcome:	Percent black ^b (8)	Percent literate ^b (9)	Labor force participation ^b (10)	Percent of empl. in trade ^b (11)	Percent of empl. in manufacturing ^b (12)	Percent of empl. in railroads ^b (13)	1990 income seg. ^a (14)
RDI	0.0132 (0.0091)	0.052 (0.030)	0.029 (0.025)	-0.080 (0.097)	0.185 (0.138)	$\begin{array}{c} -0.074 \\ (0.068) \end{array}$	0.032 (0.032)
Track length per square kilometer	9.119 (0.615)	$\begin{array}{c} 0.178 \\ (0.883) \end{array}$	-3.432 (1.560)	0.230 (3.122)	19.740 (11.023)	1.583 (2.417)	-2.504 (1.626)
Mean of dependent variable	1.558 percent	95.9 percent	41.9 percent	5.77 percent	46.2 percent	0.32 percent	0.217
Ν	121	121	121	121	121	121	69

Source: Ananat, "The Wrong Side(s) of the Tracks: The Causal Effects of Racial Segregation on Urban Poverty and Inequality", AEJ:Applied Econ 3 (2011)

Reduc Historical Railroad Trac Educ	ced-Form Effects of k Configuration in Childhood MSA on ational Attainment
	Dependent variable:
	Yrs of Educ
	OLS
RDI	-0.4186***
	(0.1258)
RDI*White	0.2858*
	(0.1549)
Number of Individuals	2,697
Number of Childhood Families	716
Number of Neighborhoods	410
Number of School Districts	238
Number of MSAs	85

Effects of Racial Reside Edu	ential Segregation duri cational Attainment	ng Childhood on
	Depend	ent variable:
	Yrs	of Educ
		2SLS/IV, RDI as instrument
	OLS	for Dissimilarity
Segregation	-0.3923**	-0.8972***
	(0.1520)	(0.4455)
Segregation*White	0.4041**	0.5504**
	(0.1680)	(0.2922)





















Reduced-Form Effects of Historical Railroad Track Configuration in Childhood MSA on Intergenerational Mobility

Pr	rob(Upwar	rd Mobility), tau=0	Prob(Upwa	rd Mobility), tau=0.2
	All	Among Children Born into Bottom Half	All	Among Children Born into Bottom Half
RDI -0	0.0679***			
((0.0229)			
RDI*White 0	.0666***			
((0.0222)			
Number of Individuals	1,575			
Number of Childhood Families	509			
Number of Neighborhoods	257			
Number of School Districts	167			
Number of MSAs	61			

Reduced-Form Effects of Historical Railroad Track Configuration in Childhood MSA on Intergenerational Mobility

		Dependen	t variable:	
	Prob(Upwar	d Mobility), tau=0	Prob(Upwa	rd Mobility), tau=0.2
	All	Among Children Born into Bottom Half	All	Among Children Born into Bottom Half
RDI	-0.0679***	-0.1031**	,	
	(0.0229)	(0.0418)		
RDI*White	0.0666***	0.0647*		
	(0.0222)	(0.0418)		
Number of Individuals	1,575	828		
Number of Childhood Families	509	310		
Number of Neighborhoods	257	181		
Number of School Districts	167	116		
		42		

Reduced-Form Effects of Historical Railroad Track Configuration in Childhood MSA on Intergenerational Mobility

		Depender	t variable:	variable:		
	Prob(Upwar	rd Mobility), tau=0	Prob(Upward	d Mobility), tau=0.2		
	All	Among Children Born into Bottom Half	All	Among Children Born into Botton Half		
RDI	-0.0679***	-0.1031**	-0.0524***			
	(0.0229)	(0.0418)	(0.0186)			
RDI*White	0.0666***	0.0647*	0.0642***			
	(0.0222)	(0.0418)	(0.0207)			
Number of Individuals	1,575	828	1,575	_		
Number of Childhood Families	509	310	509			
Number of Neighborhoods	257	181	257			
Number of School Districts	167	116	167			
Number of MSAs	61	43	61			

Reduced-Form Effects of Historical Railroad Track Configuration in Childhood MSA on Intergenerational Mobility

		Dependent variable:						
	Prob(Upwar	d Mobility), tau=0	Prob(Upward	d Mobility), tau=0.2				
	All	Among Children Born into Bottom Half	All	Among Children Born into Bottom Half				
RDI	-0.0679***	-0.1031**	-0.0524***	-0.0780*				
	(0.0229)	(0.0418)	(0.0186)	(0.0436)				
RDI*White	0.0666***	0.0647*	0.0642***	0.1100**				
	(0.0222)	(0.0418)	(0.0207)	(0.0422)				
Number of Individuals	1,575	828	1,575	828				
Number of Childhood Families	509	310	509	310				
Number of Neighborhoods	257	181	257	181				
Number of School Districts	167	116	167	116				
Number of MSAs	61	43	61	43				

Redı Historical Railroad Tra Inter	uced-Form Effects of ck Configuration in Cl generational Mobility	nildhood MSA on		
	Depend	dent variable:		
	∆ in Generational Rank (Child - Parent's Rank)			
	All	Among Children Born into Bottom Half		
RDI	-3.3302*	-7.3297**		
	(1.9839)	(3.0703)		
RDI*White	3.3977*	5.1469*		
	(1.8994)	(2.7878)		
Number of Individuals	1,575	828		
Number of Childhood Families	509	310		
Number of Neighborhoods	257	181		
Number of School Districts	167	116		
Number of MSAs	61	43		

2SLS/IV Estimates of Effects of
Racial Residential Segregation during Childhood on
Intergenerational Mobility

2SLS/IV, RDI as instrument for Dissimilarity

	Dependent variable:		
	∆ in Generational Rank	Prob(Upward Mobility), tau=0	Prob(Upward Mobility), tau=0.2
Segregation	-11.0870*	-0.1766**	-0.1615*
	(6.2026)	(0.0847)	(0.0829)
Segregation*White	7.9069***	0.1570***	0.1646***
	(2.6027)	(0.0567)	(0.0522)

2SLS/IV Estimates of Effects of School District Per-pupil Spending on Intergenerational Mobility

2SLS/IV, RDI as instrument for school district spending Dependent variable:	
∆ in Generational Rank (Child - Parent's Rank)	Prob(Upward Mobility), tau=0
7.7807**	0.1476***
(3.8543)	(0.0562)
	<u>Dependen</u> Δ in Generational Rank (Child - Parent's Rank) 7.7807** (3.8543)

Interge	nerational Mobility	-
	2SLS/IV, RDI as school distric	s instrument for t segregation
	Dependent variable:	
	∆ in Generational Rank (Child - Parent's Rank)	Prob(Upward Mobility), tau=0
School District Segregation		
(avg b-w dissimilarity index, ages 5-17)	-10.3092*	-0.2034**
	(6.4676)	(0.0913)
School District Segregation*White	8.4871	0.0898
	(6.2078)	(0.1127)

Effects of Racial Residential Segregation during Childhood on Adult Poverty Status	
	Dependent variable:
	Annual Incidence of
	Poverty, Adulthood
	2SLS/IV,
	RDI as instrument for
	Dissimilarity
Segregation	0.1844***
	(0.0567)
Segregation*White	-0.1462***
	(0.0479)

ring Childhood on	
Effects of Racial Residential Segregation during Childhood on Men's Work Hours	
endent variable:	
nual Work Hours	
SLS/IV, RDI as	
nstrument for	
Dissimilarity	
-351.2326*	
(231.6412)	
158 0939	
100.0000	

Effects of Racial Residential Segregation during Childhood on the Likelihood of Incarceration		
	Dependen	t variable:
	Prob(Ever incarcerated)	Annual Incidence of Incarceration, Adulthood
	2SLS/IV, RDI as Dissin	s instrument for nilarity
Segregation	0.0539*	0.0100*
	(0.0329)	(0.0057)
Segregation*White	-0.0497*	-0.0096*
	(0.0315)	(0.0055)

Effects of Racial Residential Segregation during Childhood on the Likelihood of Teen Pregnancy		
	Dependen	t variable:
	Prob(Teen Pregnancy)	Prob(Deviant Behavior), expelled/suspended
	2SLS/IV, RDI as instru	ment for Dissimilarity
Segregation	0.1456* (0.0865)	0.0819* (0.0523)
Segregation*White	-0.1205*** (0.0405)	-0.0404 (0.0317)

Effects of Racial Residential Segregation during Childhood on Adult Health Status	
	Dependent variable:
	Prob(Problematic Health), Adulthood
	2SLS/IV, RDI as instrument for Dissimilarity
Segregation	0.0611*
	(0.0342)
Segregation*White	-0.0260
	(0.0356)









Book Chapters:

The Long Legacy of School Desegregation

- 1. Long-run Impacts of School Desegregation & School Quality on Adult Attainments
- 2. School Quality & the Long-run Effects of Head Start
- 3. Who's on the Bus? Schools as a Vehicle to Intergenerational Mobility
- 4. The Grandchildren of Brown: Intergenerational Returns to Education
- 5. Educational Consequences of the End of Court-Ordered Desegregation