

Natives contribute to the residential segregation of immigrants

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on the emergence and consequences of immigrant residential segregation

Our place of residence is an important determinant of our welfare. Milanovic (2015) showed that our country of residence could explain up to two thirds of the differences in incomes across individuals in the world. Income differences across countries are much larger than income differences within countries, but the region or neighborhood of residence are still able to explain between one third (Kumar et al., 2022) and one sixth (Bradbury and Triest, 2016) of income differences between individuals in both developing and developed countries. In addition to this level effect, the neighborhood of residence has been shown to be a key factor for upward income mobility, defined as the probability that children obtain higher incomes when they become adults (Chetty and Hendren, 2018a; 2018b).

We can observe that immigrants and natives often do not live in the same neighborhoods, but that migrants tend to be concentrated in particular areas: this is what we term residential segregation. As a result, we can consider residential segregation and its evolution as a measure of migrants' integration into a society. This is analogous to observing earnings differences between immigrants and natives and studying the factors that determine the convergence of these earnings

over time. As the neighborhood is a relevant determinant of income, it can be at the source of the observed differences in earnings as well.

There are several reasons why residential segregation by migrant status emerges. First, this can correspond to the choices of immigrants themselves. They may prefer to live with their co-nationals and it might be to their advantage to do so. For example, immigrant networks can help newcomers find their first home in a new country. We can think of this as a cultural explanation for segregation. A second reason might refer to the restrictions faced in the choice of residence. These can be economic (e.g., lack of income could make it impossible to rent in a particular neighborhood) or political, as sometimes governments subsidize immigrants to locate on particular parts of a country and not on others (e.g., refugee dispersal policies). A third reason has to do with the choices of natives. Perhaps immigrants want to live in the same neighborhoods as natives, but some of these natives flee whenever a sufficient number of immigrants arrive. Hence, natives may contribute to the development of migrant ghettos. As this issue was first studied in the context of the behavior of whites towards black residents in the United States, this is often referred to as



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white flight. Authors like Shertzer and Walsh (2019) have attributed the emergence of racial segregation in the United States to the existence of *white flight* between 1900 and 1930. In numbers, they showed that, between 1 and 3 white individuals left a neighborhood whenever a black individual located there in this period.

Is immigrant segregation high or low? A typical measure is the dissimilarity index, which calculates the percentage of immigrants (or blacks in the case of racial segregation) that would need to move so that immigrant and natives are equally distributed across neighborhoods. According to this measure, immigrant segregation rarely reaches 50 per cent both in Europe and in the United States (Liebig and Spielvogel, 2021), although there is a high variety of experiences across cities and immigrant groups. In contrast, racial segregation in the United States has fluctuated between 55 and 75 per cent over the last 40 years (Logan and Stults, 2022).

Even if the levels of residential segregation by immigrant status are lower than by race, researchers have also found a native flight phenomenon in the context of immigration (e.g., Fernández-Huertas Moraga et al., 2019, in the case of Spain). While native flight is a key determinant of the residential segregation of immigrants, the magnitude of this phenomenon, its underlying causes, and its effects on migrants' integration prospects are still underexplored.

Segregation during the Spanish immigration boom

We can consider Spain as a laboratory for the emergence of immigrant residential segregation. Between 1900 and 2010, Spain received 5.5 million immigrants, second in the world only to the United States, which received 19.6 million in the same interval. The share of immigrants, defined as foreign-born individuals over the resident population, rose in Spain from just over 2 per cent in 1990 to almost 14 per cent in 2010.

While immigration was increasing in other high-income OECD countries during the period, such increase was much more gradual, at about 1 percentage point every five years. We can talk about a Spanish immigration boom precisely because of its speed and magnitude, which Figure 1 portrays in comparison to traditional immigrant receiving countries such as the United States and Germany.

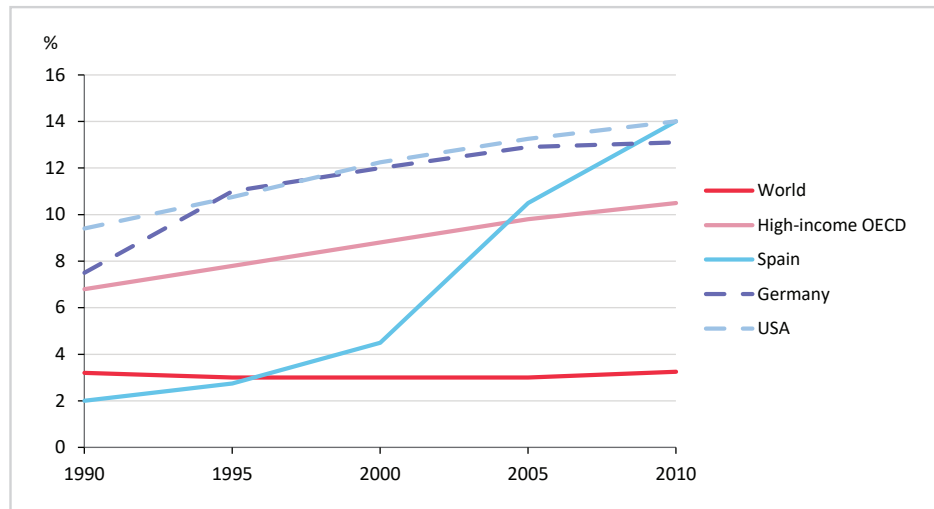
In a country with very little previous immigration experience, we document how natives reacted to the arrival of new immigrants between 2001 and 2008, the period with the largest increase in immigrant numbers in Spain. We find that natives fled from city centers and centers of satellite towns in metro areas at a rate of one native out for every three immigrants arriving. This result is similar to other estimates on immigrant arrivals both in the American and European contexts, yet it contrasts with a rate three whites out for every black arriving in the context of *white flight* in the United States (Shertzer and Walsh, 2019).

We find evidence of
“native flight” in Spain:
for every three migrants
arriving to the city
center one native left

Contrary to the studies on racial segregation, we find no evidence of a tipping point, that is, a critical share of immigrants after which natives start to massively abandon the neighborhood. This does not mean that there was no heterogeneity in the response of natives to immigrant arrivals across neighborhoods and types of immigrants. First, the country of origin of the immigrants matters for the response of natives. While we observe a native flight when immigrants come from developing countries, immigrants from rich countries, such

Figure 1: Evolution of the foreign-born population

Notes: extracted from Figure 1 in Fernández-Huertas Moraga et al. (2019) with data from the World Bank. The vertical axis refers to the share of foreign-born individuals over the resident population.



as Germany and the UK tend to attract natives to their neighborhood. In addition, the native flight effect is larger for immigrants that are not coming from Latin America, which are culturally more distant to Spanish. Secondly, the characteristics of the receiving neighborhood also affect the observed response of natives. We find that immigrants arriving in less educated neighborhoods generate a larger response.

The most noticeable heterogeneous response has to do with the distance of the neighborhood from the city center. Figure 2 represents the relationship between the arrival of immigrants (in particular from developing countries) and the movement of natives between 2001 and 2008. The neighborhoods considered were of about 500 square meters, which on average hosted about 1,000 inhabitants. Neighborhoods that were at the city center (0 km away from it) received on average 150 new immigrants between 2001 and 2008 while they lost about 50 natives during the same period, consistent with our result of one native departure for each three immigrant arrivals. This negative relationship declines as one moves further away from the city center. Five kilometers away from the city center, the average neighborhood received around 75 new immigrants from developing countries but no longer lost native population. A typical neighborhood fifteen kilometers away

from the city center received around 50 new immigrants and 50 natives.

The Spanish immigration boom coincided with a construction boom during the same period. We find that residential construction increased both in new and established neighborhoods but only new housing developments in suburban areas saw co-location of immigrants and natives. Our interpretation of these results is that there was no strong native discriminatory residential behavior in Spain. The final effect on average immigrant segregation was actually neutral. These dynamics are not captured well by conventional tipping and segregation models, which assume a fixed number of neighborhoods, often ignoring the role of new real estate development.

New housing developments in the outskirts of cities allowed the co-location of both immigrants and natives

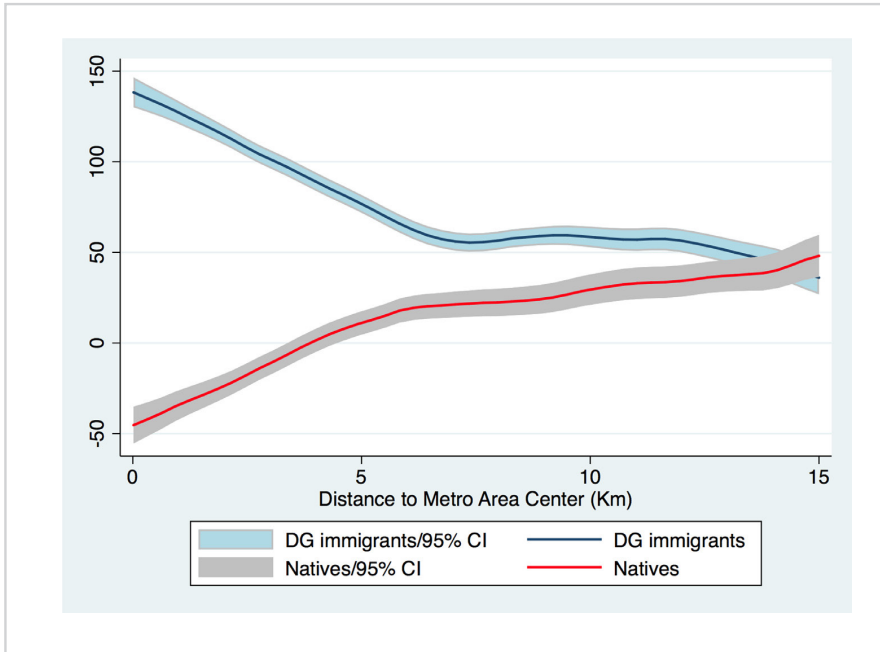


Figure 2: Inflows of natives and immigrants by distance to city center

Notes: extracted from Figure 8 in Fernández-Huertas Moraga et al. (2019). The plot shows the number of individuals arriving/leaving between 2001 and 2008 (either natives in red or immigrants from developing countries in blue) in neighborhoods located at various distances from the city center. The lines represent the local average at different points and the shaded area around each line represents the 95% confidence interval.

The effects of segregation

The emergence of segregation can be interpreted as a sign that there are good and bad neighborhoods to live in – in terms of access to public services and amenities, social mobility, quality of schools, crime rates, etc. – and individuals choose where to locate considering these factors. High segregation is typically correlated with negative socio-economic outcomes at the societal level and particularly for children (Chetty and Hendren, 2018a, 2018b), yet for immigrants themselves the evidence is mixed (Liebig and Spielvogel, 2021). Living surrounded by many other immigrants could be positive in the short run as fellow immigrants can help each other find a first job. However, these positive effects may turn negative in the long run as residential segregation can hamper language acquisition as well as lead to the well-documented negative effects on children derived from growing up in a poor neighborhood, hence worsening integration outcomes for second-generation migrants.

In the end, some societal degree of segregation can be considered as inevitable as long as there is freedom of residence, but, as usual, there are policies that can limit segregation and improve immigrants' integration outcomes.

Residential segregation can benefit migrants in the short run, yet it hampers their long-term integration and that of their children

- **“Easy” policies.** If you have good and bad neighborhoods, the simplest possibility is to move individuals from bad to good neighborhoods. This is the rationale of the Moving to Opportunity policies in the United States, but one could also subsidize housing for poor individuals in rich neighborhoods or even build affordable housing in those neighborhoods. This is also the rationale of busing system targeting poor students to attend schools outside of their neighborhood where they can meet richer peers. If you cannot relocate full families to rich neighborhoods, you can go some of the way sending their kids to schools in high opportunity environments.
- **“Difficult” policies.** Another possibility for policy intervention is to transform bad neighborhoods into good neighborhoods, in other words, improve different aspects of those areas to make them more appealing and provide better opportunities. However, this is a more complicated enterprise as developing a neighborhood can be as hard as developing a region or a country.

Among immigrants, refugees can be considered as the most vulnerable group. Because of this, residential policies can have a larger impact on them. Similarly, as their arrival and settlement is more closely monitored, specific relocation policies can be implemented. For example, Foged et al. (2022) compare several different measures in the Danish context and find that the most effective policies to promote the integration of refugees are language courses and deciding their initial location in high employment regions. In fact, the use of administrative data on refugees and neighborhood characteristics, combined with advanced techniques (e.g., artificial intelligence), can help policy makers decide where to host refugees so their chances of a successful integration are the greatest.

The type of neighbourhood refugees settle in is one of the most important factors for their integration

Based on

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