

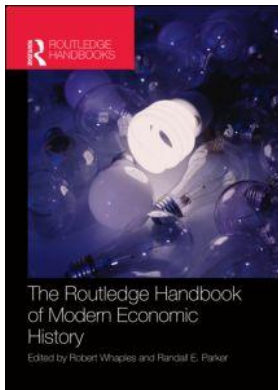
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Publisher: *Routledge*

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## **Routledge Handbook of Modern Economic History**

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### **The Economic History of Immigration**

Publication details

<https://www.routledgehandbooks.com/doi/10.4324/9780203075616.ch23>

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**Published online on: 18 Dec 2012**

**How to cite :-** Raymond L. Cohn. 18 Dec 2012, *The Economic History of Immigration from:* Routledge Handbook of Modern Economic History Routledge

Accessed on: 29 Nov 2023

<https://www.routledgehandbooks.com/doi/10.4324/9780203075616.ch23>

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## 23

THE ECONOMIC HISTORY  
OF IMMIGRATION*Raymond L. Cohn*

This chapter discusses immigration historically. Most of the discussion centers on the United States, though the U.S. experience is placed in an international context. After an examination of the volume of immigration, the chapter analyzes where the immigrants came from, who they were, why they came, how many came, where they went to, what jobs they obtained, and the economic effects immigration had on the native born and the country.

**The volume of immigration**

Before 1914, international migration was dominated by the movement of individuals from Europe to the United States. Table 23.1 provides the relevant numbers. Some immigration occurred to all of the countries listed during all periods, but the years before 1820 saw few people freely choose to go anywhere other than the United States. Even between 1820 and 1870, the United States dominated as the receiving country since many of those who arrived in Canada continued on to the United States. Free immigration to Australia picked up in the 1850s after the discovery of gold. Before 1870, almost 82 per cent of the immigrants to the five countries shown

*Table 23.1* Historical world immigration to Australia and the New World, 1630–1914 (thousands)

<i>Receiving Country</i>	<i>1630–1819</i>	<i>1820–1850</i>	<i>1851–1860</i>	<i>1861–1870</i>	<i>1871–1914</i>
Australia	—	28	226	167	863
Argentina	—	—	20	28	4,511
Brazil	—	19	122	98	3,388
Canada <sup>a</sup>	—	668	277	176	4,649
United States	896	2,464	2,598	2,315	29,587

*Note:* <sup>a</sup> Figures through 1860 are for arrivals at Montreal and Quebec. Later figures are for all immigrant arrivals. In both cases, some of the individuals arriving in Canada travelled on to the United States.

*Sources:* Australia: Calculated from Mitchell (1995: 86). These figures ignore the forced migration of convicts to Australia before 1843. Argentina, Brazil, and Canada: figures before 1860 are calculated from Mitchell (1993: 90–1, 94); later figures are provided in Nugent (1992: 14). United States: Columns 1 and 2 are calculated from Table 23.2 in this chapter, the other columns are provided in Nugent (1992: 14).

in Table 23.1 went to the United States. It was only after 1870, because the development of the transatlantic steamship shortened voyage times, that large numbers of people went to South American countries. Even so, during the entire period before 1914, over 71 per cent of all immigrants to the five countries shown went to the U.S. From the perspective of Europe, some 52 million people left between 1815 and 1930, with 33 million going to the United States (Baines 1991: 1–2).

With the outbreak of the First World War, the volume of international migration declined substantially. After the war ended, the United States and many other countries adopted widespread restrictions on the number of immigrants. These laws, combined with the Great Depression and the Second World War, kept international migration volumes low into the 1960s. Since then, volumes have increased as countries modified their restrictions. The biggest change is that Europe is now a net receiver of immigrants. In 2009, the net migration rates (immigrants minus emigrants) per 1,000 inhabitants were: the United States = 3, Canada = 8, Europe = 3 (though the rate into Southern Europe was 6), and Australia = 12. Losing areas were Latin America and the Caribbean, where the net migration rate was –2 and Africa, where it was –1 (though there has been positive net migration into South Africa). Asia had a net migration rate of zero, though East and South Asia had a negative rate and West Asia a positive one (Population Reference Bureau 2009).

The volume and sources of immigration into the United States over the course of its history are presented in Table 23.2. The periods chosen show the large fluctuations that occurred in the average yearly volume and rate of immigration. In terms of absolute numbers, immigrant volume was highest between 1900 and 1914, and since 1989. The period with the largest immigration rate (the number of immigrants per 1,000 inhabitants) was 1847 through 1854, during and immediately after the potato famine. Immigration rates were high though quite variable over the entire period from 1832 through 1914, with an average yearly rate of 7.7 per 1,000 inhabitants. In line with the discussion in the preceding paragraph, immigration rates declined during and after the First World War and stayed low into the 1960s. Rates began to increase again in the 1970s and have continued to increase into the twenty-first century, though they remain lower than the rates before 1915 because of continued restrictions and the larger U.S. population. The rate between 1989 and 1991 is artificially high because it counts illegal immigrants, mostly from Mexico, who were given amnesty in those years but who arrived earlier. It is important to realize that the official estimates in Table 23.2 do not include illegal immigrants. An estimated 11 million individuals were illegally in the United States in 2009 with 62 per cent of these being Mexican (U.S. Department of Homeland Security 2010).

The source of immigrants to the United States has changed substantially over time. For the period before the 1880s, the major sending countries were Ireland, Great Britain, and Germany with sizeable components from other areas of Northwest Europe and Scandinavia. In the 1880s, Central and Southern Europe became more important sources and these areas comprised over 70 per cent of the immigrants between 1900 and 1914. Immigration from China was restricted in the 1880s and that from Japan in 1905. After the First World War, immigration from Europe was restricted while it was virtually prohibited from Asia. It was not restricted from Latin America, which began to account for 40 to 50 per cent of the total. With the loosening of immigration restrictions in the 1950s and 1960s, Asian countries became more important sources of immigrants and Latin America remained important. More recently, immigration has been increasing from African countries. Between 2001 and 2010, 85 per cent of legal immigrants into the United States came from Asia, Latin America, and Africa.

Table 23.2 United States immigration volume and rates

Years	Average Yearly Total – All Countries	Immigration Rates (per 1000 Population)	Per cent of Average Yearly Total														
			Great Brit.	Ireland	Scandinavia and Other NW Europe	Germany	Central and Eastern Europe	Asia	Africa	Australia and Pacific Islands	Mexico	Other America					
1630–1700	2,200	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1700–1780	4,325	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1780–1819	9,900	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1820–1831	14,538	1.3	22	45	12	8	0	2	0	0	0	0	0	0	4	6	6
1832–1846	71,916	4.3	16	41	9	27	0	1	0	0	0	0	0	0	1	5	5
1847–1854	334,506	14.0	13	45	6	32	0	0	1	0	0	0	0	0	0	3	3
1855–1864	160,427	5.2	25	28	5	33	0	1	3	0	0	0	0	0	0	4	4
1865–1873	327,464	8.4	24	16	10	34	1	1	3	0	0	0	0	0	0	10	10
1874–1880	260,754	5.6	18	15	14	24	5	3	5	0	0	0	0	0	0	15	15
1881–1893	525,102	8.9	14	12	16	26	16	8	1	0	0	0	0	0	0	6	6
1894–1899	276,547	3.9	7	12	12	11	32	22	3	0	0	0	0	0	0	2	2
1900–1914	891,806	10.2	6	4	7	4	45	26	3	0	0	0	0	0	1	5	5
1915–1919	234,536	2.3	5	2	8	1	7	21	6	0	1	8	40	0	1	8	40
1920–1930	412,474	3.6	8	5	8	9	14	16	3	0	0	11	26	0	0	11	26
1931–1946	50,507	0.4	10	2	9	15	8	12	3	1	1	6	33	0	1	6	33
1947–1960	252,210	1.5	8	2	7	17	5	10	6	1	1	15	38	0	1	15	38
1961–1970	332,168	1.7	6	1	4	6	4	13	13	1	1	14	38	0	1	14	38
1971–1980	449,331	2.1	3	0	1	2	4	8	35	2	1	14	30	0	1	14	30
1981–1988	578,739	2.4	2	0	1	1	3	3	45	3	1	12	28	0	1	12	28
1989–1991	1,484,213	6.0	1	0	1	1	3	2	22	2	0	46	22	0	0	46	22
1992–2000	805,993	3.0	1	1	1	1	11	1	34	4	1	18	26	0	1	18	26
2001–2010	1,050,053	3.6	2	0	2	1	8	1	34	7	1	17	27	0	1	17	27

Notes: Row percentages may not sum to 100 per cent due to rounding. Cells where “0” is entered represent less than 0.5 per cent. Sources: Years before 1820: Grabbe (1989); 1820–1970: Carter *et al.* (2006); years since 1970: U.S. Department of Homeland Security (various years).

## Why does immigration occur?

In the absence of government restrictions, the answer is straightforward. Though at certain times religious and political reasons were important factors in immigration, for most individuals the motivation has been economic. Simply put, immigrants expect to earn more in the destination country than the source country, though the gain may not be immediate and it may also include an expected gain to one's descendants (Sjaastad 1962).

The most comprehensive attempt to explain the volume and source of immigration historically has been by Hatton and Williamson (1998), who focus on the United States for the period between 1860 and 1914. They view immigration from a country during these years as being caused by up to five different factors: (a) the difference in average real wages between the country and the United States; (b) the rate of population growth in the country 20 or 30 years before; (c) the degree of industrialization and urbanization in the home country; (d) the volume of previous immigrants from that country or region; and (e) economic and political conditions in the United States. To this list can be added factors not relevant between 1860 and 1914, such as (f) the potato famine; and (g) declines in transportation costs. Finally, (h) the imposition of restrictions obviously affected immigration. Thus, at least eight important factors affected the volume and source of immigration.

Factors (e) through (g) explain many of the fluctuations in immigrant volume. Declines in transatlantic transportation costs during the 1820s led to volume increasing around 1830 (Cohn 2009). The potato famine in the late 1840s led to a sudden and large increase in volume. The adoption of steamships around 1870 and the move to intercontinental airline travel in the 1950s each caused immigration to become easier. The former led to an increase in volume while the change to air travel would have increased volume in the absence of restrictions. Changes in economic and political conditions in the United States caused many of the year-to-year fluctuations in immigrant volume. In particular, volume declined during the nativist outbreak in the 1850s, the major depressions of the 1870s and 1890s, and the Great Depression of the 1930s. In fact, during economic downturns not only does immigration fall but emigration increases, a combination that keeps the unemployment rate smaller than otherwise.

In turn, the first four factors primarily explain changes in the source countries of immigration. A larger difference in real wages between the country and the United States increased immigration from the country because it meant immigrants had more to gain from the move. Because most immigrants were between 15 and 35 years old, a higher population growth 20 or 30 years earlier meant there were more individuals in the potential immigrant group. In addition, a larger volume of young workers in a country reduced job prospects at home and further encouraged immigration. A greater degree of industrialization and urbanization in the home country initially increased immigration because traditional ties with the land were broken during this period, making laborers in the country more mobile. Finally, the presence of a larger volume of previous immigrants from that country or region encouraged more immigration because potential immigrants now had friends or relatives to stay with who could smooth their transition to living and working in the United States.

Based on these four factors, Hatton and Williamson explain the rise and fall in the volume of immigration from a country to the United States. Immigrant volume initially increased as a consequence of more rapid population growth and industrialization in a country, and the existence of a large gap in real wages between the country and the United States. Within a number of years, volume increased further due to the previous immigration that had occurred. Volume remained high until changes caused immigration to decline. Population growth slowed. Most of the country underwent industrialization, which increased the number of jobs and real wages at

home. Partly due to the previous immigration, the real wage rose at home and became closer to that in the United States. Thus, each source country went through stages where immigration increased, reached a peak, and then declined.

Differences in the timing of these effects led to changes in the source countries of the immigrants. The countries of Northwest Europe were the first to experience rapid population growth and industrialization. By the latter part of the nineteenth century, immigration from these countries was in the stage of decline. At about the same time, countries in Central, Eastern, and Southern Europe were experiencing the beginnings of industrialization and more rapid population growth. This model holds directly only through the 1920s, because U.S. government policy changed. At that point, quotas were established on the number of individuals allowed to immigrate from each country. Even so, many countries, especially those in Northwest Europe, had passed the point where a large number of individuals wanted to leave and thus did not fill their quotas. The quotas were binding for many other countries in Europe in which the pressure to emigrate was still strong. Even today, the countries providing the majority of immigrants to the United States and Europe – that is, those south of the United States and in Asia – are places where population growth is high, industrialization is breaking traditional ties with the land, and real wage differentials with the wealthier areas are large.

As noted, restrictions interfere with the workings of this model. The U.S. laws adopted in the 1920s originally limited the number of immigrants in total and from each country not in the Western Hemisphere. An important change was made in the Immigration and Nationality Act of 1965, which abolished the quotas based on national origins. Instead, a series of preferences was established to determine who would gain entry. The most important preference was given to relatives of U.S. citizens and permanent resident aliens. Preferences were also given to professionals, scientists, artists, and workers in short supply. Restrictions imposed by other countries tend to emphasize these types of economic preferences more than U.S. law. The 1965 U.S. law kept an overall quota on total immigration for Eastern Hemisphere countries, originally set at 170,000, and no more than 20,000 individuals were allowed to immigrate to the United States from any single country. This law was designed to treat all countries equally. Asian countries were treated the same as any other country, so the virtual prohibition on immigration from Asia disappeared. In addition, for the first time the law also limited the number of immigrants from Western Hemisphere countries, with the original overall quota set at 120,000. It is important to note that neither quota was binding because immediate relatives of U.S. citizens, such as spouses, parents, and minor children, were exempt from the quota. Moreover, at different times the United States has admitted large numbers of refugees from Cuba, Vietnam, Haiti, and other countries. Finally, many individuals enter the United States on student visas, enroll in colleges and universities, and eventually get companies to sponsor them for a work visa. Thus, the total number of legal immigrants to the United States since 1965 has always been larger than the combined quotas. This law has led to an increase in the volume of immigration and, by treating all countries the same, has led to Asia recently becoming a more important source of immigrants to the United States.

### **The characteristics of the immigrants**

The gender breakdown and age structure remained fairly constant in the period before 1930. Generally, about 60 per cent of the immigrants were male. As to age structure, about 20 per cent were children, 70 per cent were aged 14–44, and 10 per cent were older than 44. In most of the period and for most countries, immigrants were typically young single males, young couples,

or, especially in the era before the steamship, families. For particular countries, such as Ireland, a large number of the immigrants were single women (Cohn 2009: 98–120). The primary exception to this generalization was the 1899–1914 period, when 68 per cent of the immigrants were male and those aged 14–44 accounted for 82 per cent of the total. This period saw the immigration of a large number of single males who planned to work for a period of months or years and return to their homeland, a development made possible by the steamship shortening the voyage (Nugent 1992). The immigrant stream also included a large number of Jewish families from Eastern Europe who sought to escape repressive economic and political conditions.

The characteristics of the immigrant stream since 1930 have been somewhat different (Gabaccia 1996). Males have consistently comprised slightly less than one-half of all immigrants while the percentage of immigrants over the age of 44 has increased at the expense of those aged between 14 and 44. The only exception occurred between 1989 and 1991 when many of the newly legalized immigrants were Mexican males who had lived and worked in the United States for a period of years. During this period, two-thirds of the “immigrants” were male and over three-quarters were between 14 and 44 years of age.

Table 23.3 presents data on the percentage of immigrants who did not report an occupation (or whose occupation is unknown) and the percentage breakdown of those reporting an occupation (presumably the occupation held in the source country). The percentage not reporting an occupation declined through 1914, reflecting the increasing number of single males who arrived over time. Though a change in the classification scheme complicates the analysis, skilled workers usually comprised over one-fourth of the immigrant stream through 1970. The immigration of farmers and farm workers was important before the Civil War but declined steadily over time. The percentage of laborers has varied over time, though during some time periods they comprised one-half or more of the immigrants. Commercial workers, mainly merchants, were an important group of “immigrants” (the data actually record passengers at this time) very early when immigrant volume was low, but their percentage fell substantially until the 1930s. Professional workers were always a small part of U.S. immigration until the 1930s. Since 1930, professional and managerial workers have become a larger percentage of all immigrants. In fact, during the first decade of the twenty-first century they accounted for close to half of the legal U.S. immigrants.

The skill level of the immigrant stream is important because it potentially affects the U.S. labor force, an issue considered later. Before turning to this issue, a number of comments can be made concerning the occupational skill level of the U.S. immigration stream. First, skill levels fell substantially in the period before the Civil War. Between 1820 and 1831, only 39 per cent of the immigrants were farmers, servants, or laborers – the least skilled groups. By the 1847–54 period, however, the less-skilled percentage had increased to 76 per cent. Second, the less-skilled percentage had changed relatively little by the last decades of the nineteenth century. During the 1899–1914 period, farmers, servants, and laborers accounted for 78 per cent of the total. In fact, in both periods, these percentages were not much different from those for the native-born labor force, so the skill levels of the two groups were not radically different (Cohn 2009: 190–7). Third, restrictions on immigration imposed during the 1920s had a sizable effect on the skill level of the immigrant stream. Between 1930 and today, the percentage in the least-skilled group has fallen if the entry of illegal workers is ignored. Thus, one clear effect of the imposition of restrictions on the volume of immigration has been to increase the average skill level of the legal immigrant stream. The increasing skill level of the immigrant stream, however, has almost certainly been outdone by the increased skill level of the native-born labor force. Thus, the immigrant stream during more recent times has almost certainly become less skilled than the labor force they entered.

Table 23.3 United States Immigration by occupation

Year	Per cent with no occupation listed or unknown	Per cent of immigrants with an occupation in each category						
		Professional	Commercial	Skilled	Farmers	Servants	Laborers	Miscellaneous
1820–1831	61	3	28	30	23	2	14	—
1832–1846	56	1	12	27	33	2	24	—
1847–1854	54	0	6	18	33	2	41	—
1855–1864	53	1	12	23	23	4	37	0
1865–1873	54	1	6	24	18	7	44	1
1873–1880	47	2	4	24	18	8	40	5
1881–1893	49	1	3	20	14	9	51	3
1894–1898	38	1	4	25	12	18	37	3
		<i>Managers and Professional</i>	<i>Sales and Office Workers</i>	<i>Construction, Maintenance, Production, and Transportation Workers</i>		<i>Service Workers and Non-Farm Laborers</i>		<i>Farming, Farm Workers Fishing, and Forestry</i>
1899–1914	26	4	2	18		49		28
1915–1919	37	10	5	21		49		15
1920–1930	39	8	7	24		49		13
1931–1946	59	34	13	21		26		6
1947–1960	53	21	17	31		23		9
1961–1970	56	28	17	25		25		6
1971–1980	59	32	12	36		15		5
1981–1988	58	28	13	34		19		5
1989–1991	37	10	8	27		17		38
1992–2000	70	35	13	29		17		5
2001–2010	76	45	13	20		18		5

Note: Row percentages may not sum to 100% due to rounding.

Sources: 1820–1970: Carter et al. (2006). Years since 1970: U.S. Department of Homeland Security (various years).

### The effects of immigration on the receiving country

Determining the effects of immigration on the receiving country is complex and virtually none of the conclusions presented here is without controversy. Yet most economic historians believe the effects of immigration are much less harmful than commonly supposed and, in many ways, are beneficial.

Immigration is popularly thought to lower the overall real wage rate in the United States by increasing the supply of individuals looking for jobs. This effect may occur in a particular area during a short period of time. Over longer time periods, however, average real wages will only fall if average labor productivity declines. Labor productivity can fall if the amounts of other resources do not change. Historically, however, immigration has often triggered increases in the amounts of other resources. For example, historically, the large-scale immigration from Europe contributed to rapid westward expansion of the United States during most of the nineteenth century. The westward expansion, however, increased the amounts of land and natural resources that were available, factors that could have kept immigration from lowering wage rates. In addition, immigration spurred an increase in the capital stock when it induced Europeans to invest in American railroads and other industrial projects. Many immigrants saved large amounts and increased the amount of capital in the economy through building their own businesses. In



addition, the simple fact that there were more workers in the economy would increase the productivity of capital and its return, causing entrepreneurs to increase its size over time. These factors suggest that immigration increases labor demand as well as labor supply and thus does not necessarily cause a decline in the average level of real wages, at least over a period of years.

At least since the Civil War, average real wages for native-born workers have consistently increased. Whether they would have increased more with a lower level of immigration is the crux of the issue. Some researchers have concluded that immigration during the nineteenth century did keep wages down (Hatton and Williamson 1998; Goldin 1994). Carter and Sutch (1999), however, claim the models used in these studies assume, either explicitly or implicitly, that only labor supply increased, and thus do not adequately analyze the issue. They find little effect of immigration on the average real wage during the nineteenth century. Turning to the more recent time period, most studies have found little effect of immigration on the level of real wages, though a few have found an effect (Borjas 1999). Overall, it is possible that immigration may decrease the average wage, but this result is far from certain.

Even if immigration leads to a fall in average real wages, it does not follow that native workers are worse off. Workers typically receive income from sources other than their own labor. Although wages may fall, other resource prices in the economy may rise. For example, immigration increases the demand for land and housing and many existing owners benefit from an increase in the current value of their property. It is not easy to determine whether any individual worker is better off or worse off in this case. It depends on the amounts of other resources each individual possesses. During the nineteenth century, many workers likely did not possess many resources other than their own labor skills and thus could have been harmed by immigration, at least in the short run. Other natives, however, were not wage workers but farmers, whose incomes rose as immigration increased the population and the demand for their products. During recent times, more workers possess additional resources and thus are less likely to be severely harmed by immigration.

Immigration is often thought to have its greatest effect on the wages of unskilled workers. If the immigrants arriving in the country are primarily unskilled, then the larger number of unskilled workers could cause their wage to fall if the overall demand for these workers does not change. A requirement for this effect to occur is that the immigrants be less skilled than the U.S. labor force they enter. During the 1830s and 1840s, immigration increased substantially and the skill level of the immigrant stream fell to approximately match that of the native labor force. Instead of lowering the wages of unskilled workers relative to those of skilled workers, however, the large inflow apparently led to little change in the wages of unskilled workers, while some skilled workers lost and others gained. The explanation for these results is that the larger number of unskilled workers resulting from immigration was a factor in employers adopting new methods of production that used more unskilled labor. As a result of this technological change, the demand for unskilled workers increased so their wage did not necessarily decline. As employers adopted these new machines, however, skilled artisans who had previously done many of these jobs – for example iron casting – suffered losses. Other skilled workers gained, including many white-collar workers who were not in direct competition with the immigrants. Some evidence exists to support a differential effect on skilled workers during the antebellum period (Williamson and Lindert 1980; Margo 2000). After the Civil War through the 1920s, as the skill level of the immigrant stream remained close to that of the native labor force, immigration probably did not further affect the wage structure (Carter and Sutch 1999; Cohn 2009).

The lower volume of immigration in the period from 1930 through 1960 meant immigration had little effect on the relative wages of different workers during these years. With the

resumption of higher volumes of immigration after 1965, however, and with the immigrants' skill levels being low, an effect on relative wages again became possible. In fact, the relative wages of high-school dropouts in the United States deteriorated, especially after the mid-1970s. Researchers who have studied the question conclude that immigration accounted for about one-fourth of the wage deterioration experienced by high-school dropouts during the 1980s, though some researchers find a lower effect and others a higher one (Friedberg and Hunt 1995; Borjas 1999). Wages are determined by a number of factors other than immigration. In this case, it is thought the changing nature of the economy, such as the growing use of computers increasing the benefits to education, explains more of the decline in the relative wages of high-school dropouts than immigration does.

Beyond any effect on wages, there are a number of ways in which immigration might improve the overall standard of living in an economy. First, immigrants may engage in inventive or scientific activity, with the result being a gain to everyone. Evidence exists for both the historical and more recent periods that the United States has attracted individuals with an inventive and scientific nature (Cohn 2009: 218–21). Since the United States has generally been a leader in these areas, individuals are more likely to be successful in such an environment than in one where these activities are not as highly valued. Second, immigrants expand the size of markets for various goods, which may lead to lower unit costs due to an increase in firm size. The result would be a decrease in the price of the goods in question. One historical example of these economies of scale is in the transportation sector, where rising population allows fixed costs to be spread over higher levels of output, thus reducing average costs. Third, most individuals immigrate between the ages of 15 and 35, so the expenses of their upbringing and basic schooling are paid abroad. In the past, being of working age, most immigrants immediately got a job. Thus, immigration increased the percentage of the population in the United States that worked, a factor that raises the average standard of living in a country. Even in more recent times, most immigrants work, though the increased proportion of older individuals in the immigrant stream means the positive effects from this factor may be lower than in the past. Fourth, while immigrants may place a strain on government services in an area, such as the school system and healthcare delivery, they also pay taxes. Even illegal immigrants directly pay sales taxes on their purchases of goods and indirectly pay property taxes through their rent. Finally, the fact that immigrants are less likely to immigrate to the United States during periods of high unemployment is also beneficial. By reducing the number of people looking for jobs during these periods, this factor increases the likelihood U.S. citizens will be able to find or keep a job.

### **The experience of immigrants in the United States**

This section examines the experiences of immigrants in the United States. The issues of discrimination against immigrants in jobs and the success immigrants experienced over time are investigated, as is the question of where immigrants settled. Interested readers are directed to Borjas (1999); Ferrie (1999); Carter and Sutch (1999); Hatton and Williamson (1998); Buffum and Whaples (1995); and Friedberg and Hunt (1995) for more technical discussions.

Wage discrimination exists when a worker's compensation is less than the value of his or her marginal contribution to the firm. Empirical tests generally do not find this type of discrimination. At any point in time, immigrants have been paid the same wage for a specific job as otherwise similar native workers. When immigrants received lower wages than native workers, the differences reflected the lower skills of the immigrants. Historically, as discussed earlier, the skill level of the immigrant stream was similar to that of the native labor force, so wages did not

differ much between the two groups. During more recent years, the immigrant stream has been less skilled than the native labor force, leading to the receipt of lower wages by immigrants. A second form of discrimination is in the jobs an immigrant is able to obtain. Immigrant and native occupations have often differed significantly. For example, in 1910, immigrants accounted for over one-half of the work force in mining, apparel, steel manufacturing, meat packing, and baking. If a reason for the employment concentration was that immigrants were kept out of alternative higher-paying jobs, then the immigrants would suffer. This type of discrimination may have occurred against Catholics during the 1840s and 1850s and against the immigrants from Central, Southern, and Eastern Europe after 1890. Yet the open nature of the U.S. schooling system and economy has been such that this effect usually did not have an impact on the fortunes of the immigrants' children or did so at a much smaller rate. Illegal immigrants, however, have found it more difficult to exploit the open nature of the U.S. economy and would thus be more subject to possible discrimination.

An associated issue is explaining where the immigrants settled in the United States. Since newer immigrants usually settled near older immigrants, initial settlement patterns set during the antebellum years had a large impact. These settlement patterns generally reflected the location of manufacturing (Cohn 2009: 167–73, 180–5). The main exceptions pertained to those immigrants sufficiently wealthy to start or buy their own farm, to young Irish girls who became domestic servants, and to poorer individuals who worked on transportation projects or as farmhands. Otherwise, immigrants tended to settle where the manufacturing firms were. Compared with the native born, immigrants were thus more likely to live in the Northeast and to settle in cities, areas where manufacturing first developed. In 1850, the 15 largest cities contained 9 per cent of the U.S. population but 30 per cent of the foreign born. In the same year, the European born accounted for 10 per cent of the entire U.S. population but 14 per cent of the Northeastern total. In the latter half of the nineteenth century, manufacturing activity spread into the Midwest and so did the immigrants. These settlement patterns persisted into the twentieth century, with cities and manufacturing areas containing large numbers of immigrants. In turn, the willingness of immigrants to take these jobs probably slowed the movement of the native born to urban areas. Even in more recent times, immigrants are more likely to be found in urban areas, though the lower importance of manufacturing activity in the U.S. economy has lessened the relationship of this factor to the location of immigrants.

Another aspect of how immigrants fared in the U.S. labor market is their experiences over time with respect to wage growth, job mobility, and wealth accumulation. A study done by Ferrie (1999) for a small sample of immigrants arriving between 1840 and 1850, a period when the inflow of immigrants relative to the U.S. population was high, found immigrants from Britain and Germany generally improved their job status over time. By 1860, over 75 per cent of the individuals reporting a low-skilled job on entry into the country had moved up into a higher-skilled job, while fewer than 25 per cent of those reporting a high-skilled job on entry had moved down into a lower-skilled job. Thus, the job mobility for these individuals was quite high. For immigrants from Ireland, the experience was quite different; the percentage of immigrants moving up was only 40 per cent and the percentage moving down was over 50 per cent. It is not clear if the Irish did worse because they had less education and fewer skills or whether the differences were due to discrimination in the labor market. As to wealth, all the immigrant groups succeeded in accumulating larger amounts of wealth the longer they were in the United States, though their wealth levels fell short of those enjoyed by natives.

A broader approach to the same period taken by Cohn (2009: 173–80) generally agrees with Ferrie. Cohn compares the occupational distributions of individuals born in Great Britain, Ireland, and Germany using samples from the 1850, 1860, and 1870 U.S. Censuses. He finds that

all three groups achieved success over time in the U.S. labor market. This finding includes the Irish, though they were much less skilled as a group. Thus, the evidence indicates that most antebellum immigrants were successful over time in matching their skills to the available jobs in the U.S. economy.

The extent to which immigrants had labor market success in the period since the Civil War is not clear. Hanes (1996) found that immigrants, even those from Northwest Europe, had slower earnings growth over time than natives, a result he argues was due to poor assimilation. Hatton and Williamson (1998: 124–41) reexamined the data and concluded that Hanes' result disappeared if immigrants who arrived before age 16 and those who arrived after their sixteenth birthday were examined separately. In fact, the wages for both groups increased at rates at least as high as those of the native born. Hatton and Williamson's study thus suggests that late nineteenth-century immigrants assimilated relatively easily into the U.S. labor market.

For the period after the Second World War, Chiswick (1978) argues that immigrants' wages have increased relative to those of natives the longer the immigrants have been in the United States. Borjas (1999) has criticized Chiswick's finding by suggesting it is caused by a decline in the skills possessed by the arriving immigrants between the 1950s and the 1990s. Borjas finds that 25- to 34-year-old male immigrants who arrived in the late 1950s had wages 9 per cent lower than comparable native males, but by 1970 had wages 6 per cent higher. In contrast, those arriving in the late 1970s had wages 22 per cent lower at entry. By the late 1990s, their wages were still 12 per cent lower than those of comparable natives. A growing mismatch between the skills of recent immigrants and the native born may have also reduced the former's ability to assimilate. Overall, the degree of success experienced by immigrants in the U.S. labor market remains an area of controversy.

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