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1890-1915

The United States, as a nation of immigrants, was extremely open to immigration in its early history. Indeed, according to Thomas Page of the University of Virginia, “Until the last quarter of the nineteenth century, the attitude of the press and of the public men in the United States was with few exceptions strongly favorable to immigration.” (Page 1912, 1011) While it was the case that the habits and culture of foreigners were generally not appreciated by most Americans, “…it was commonly believed that agriculture, industry, and the general development of the country were promoted by their arrival.” (Page 1912, 1011) American views on immigration changed dramatically in the late 19th century. Economic thought came to reflect the increasing skepticism of Americans toward immigration and immigrants. Although American economic thought was not united on what were the problems of immigration or what solutions should be attempted, there was general agreement that immigration was a serious problem. American economic thinkers in the years leading up to World War One opposed unregulated immigration and generally supported additional government regulations.

Former professor of sociology, Henry Pratt Fairchild, one of the most renowned American scholars of immigration, wrote articles in major academic journals such as his pieces “Immigration and Crises” and “The Restriction of Immigration” in The American Economic Review. He was also cited frequently in many journal articles including in “Some Aspects of the Immigration Problem” and “Restriction of

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Immigration—Discussion”. According to Fairchild, “…the immigration problem is not one which can be left alone.” (1912, 53) He saw eight basic problems regarding immigration to the United States in the early 1900’s. These problems included: an overall excess of immigrants, a poor geographic distribution of immigrants, weak assimilation of immigrants, and a belief that cheap immigrant labor lowered the wages of unskilled Americans. Fairchild considered many possible solutions to these immigration problems and advocated significant changes to American immigration policy. He believed that the proper regulation of immigration to the United States was particularly important because, “The United States, above all other lands, has offered the theatre for the highest evolution of the human species, for the development of a people who should help to draw all other races up to a higher plane of living.” (Fairchild 1912, 62) Fairchild claimed that “The duty of the United States is not to herself alone, but to all the world.” (1912, 62) He wrote “The problem of immigration is but a part of the great conservation movement. It has to do with the conservation of the American people, and all that it stands for.” (Fairchild 1912, 62) Thus Fairchild argued in “The Restriction of Immigration” that immigration as it stood was a threat to the country and should be regulated more carefully, but that as a benevolent power the United States should continue to accept some immigrants under specific conditions.

Fairchild was not alone in his suspicion of unregulated or lightly regulated immigration. Three American economics journals published articles from 1890-1915. These still prestigious journals were *The American Economic Review*, *The Quarterly Journal of Economics*, and *The Journal of Political Economy*. On these pages during this time period, approximately 30 individuals wrote pieces related to the issue of immigration. Some wrote on specific cases or issues of immigration, without considering public policy on the issue. Of those who argued for specific government policies in regard to immigration, only two, Max J. Kohler and Isaac A. Hourwich, were in favor of the relatively lax immigration laws of the time. The rest were all critical of current policy and suggested significant new immigration controls. Thus a clear consensus in American economic thought at the turn of the century was opposed to earlier “open door” policies regarding immigration.
One of the primary strands of concern regarding the immigration taking place at the time was the racial/ethnic makeup of the so called “new immigrants”. “Old immigrants”, as they were called, came primarily from Western Europe and were largely Protestant. Thus economists argued they were inherently similar and could be easily assimilated. The immigrants arriving around the turn of the century were largely from Southern and Eastern Europe and were often Catholic, Jewish, or Orthodox Christian. Prescott Hall, a leading writer on immigration issues, who was quoted by others in major journals, wrote quite negatively on the character of the groups then entering the country. According to Hall, “The studies made under the auspices of the Eugenics Record Office show how much damage bad racial strains can do.”(1913, 751) He referred to various government officials who “…come into direct contact with the evil results of the immigration of persons of poor racial stock” and therefore understand the country’s dilemma.(Hall 1913, 751) Further Hall claimed “If the public could only be made to realize how much more stringent the regulations are concerning the immigration of animals and plants than in regard to human beings, its sense of humor could be relied upon to back up more adequate laws as to immigrants.”(1913, 751) B.H. Hibbard claimed the “undesirable” races “…lack the instincts or the ability to acquire a farm; but the German or the Norwegian makes, in the first place, an admirable self-respecting hired man, and, in the second place, is almost certain to become the owner of a farm for himself before middle life.”(Hibbard in Bonar 1911, 252) A common belief was that Northern European immigration should be encouraged, while Asians, Eastern Europeans, and others should be prevented from coming to America. H.A. Millis wrote that “The situation is now such that restriction of the immigration of Asiatic laborers to the point of exclusion must be regarded as the proper public policy.”(Millis in Bonar 1911, 249) William H. Jeffrey, writing in the 1890’s, noted the changing composition of those coming to the United States and quickly concluded “That we are getting a larger number of the undesirable than we are of the desirable is evident…”(1893, 433) J.K. Towles asked “Is the development and maintenance of an American people, an American race, a matter of vital concern to us?”(Towles in Bonar 1911, 245) He claimed “Many sane and sage men think it is high time we were concerning ourselves with the breed of our people.”(Towles in Bonar 1911, 245)
In addition to racial arguments against immigration, economic reasoning was raised to oppose lenient immigration policies. According to J.K. Towles, cheap immigrant labor caused American citizens to lose their factory jobs. He claimed that “In many instances their wage in their new occupation is lower than it would have been had they remained in the factories and been able to support their wage demands by collective bargaining.”(Towles in Bonar, 244) R.B. Brinsmade asserted “…our recent great rise of prices is acknowledged to be equivalent to a marked reduction in general wages.”(Brinsmade in Bonar 1911, 253) He believed significant wage pressure was caused by unskilled immigrant labor. Brinsmade also argued that the country would have more ignorant voters because of immigration and “The more ignorant voters we have amongst us the easier it is for our shrewd monopolist class to make laws in its own interest.”(1911, 254) W.F. Willcox was concerned immigrants would hurt Americans’ standards of wages and living because “The cost of rearing children in the United States is rapidly rising. In many, perhaps in most, cases it is simpler, speedier, and cheaper to import labor than to breed it.”(Willcox in Balch 1912, 71)

Economists in the early 1900’s further argued against immigration by claiming the “new immigrants” came for less noble reasons than the “old immigrants” did. According to Fairchild, “The great attraction of the United States for the modern immigrant lies in the economic advantages which it has to offer.”(1911, 753) H.A. Millis, argued that “With comparatively few exceptions these immigrants come to earn higher wages, or are induced by agents of various kinds; they are not fleeing from intolerable conditions at home.”(1911, 246-247) In fact, in the early 1900’s, there was “…coming to be a practical unanimity of opinion on one fundamental proposition-namely that immigration today is essentially an economic phenomenon.”(Fairchild 1911, 753) Economic thinkers claimed that early immigrants to America came due to religious or political persecution whereas the recent arrivals came to earn more money. This supposed difference in motive for coming to the United States argued for immigration restrictions by proclaiming current immigrants do not really need to flee their homeland.

Economic thought regarding immigration was not particularly technical or mathematical in nature during this period. The writers of economic journal articles used logic and language rather than data analysis to make their arguments. Educated
Americans could easily understand the articles regardless of whether they had any specific economics background. Economics was not clearly distinct from other social sciences. Sociologists, government bureaucrats, and various other non-economists regularly published in economics journals. Additionally, *Annals of the American Academy of Political and Social Science*, a nonspecific social science journal, published far more articles revealing economic thought on immigration, than any of the true economics journals.

American economic thinkers at the beginning of the 20th century agreed that significant problems existed with the country’s immigration policies and that major changes were needed. Several concerns regarding immigration were regularly raised including racial and cultural differences, the fear that immigrant labor would lower the wages of unskilled Americans, that modern immigrants were entering the country for less noble reasons than the United States’ earliest European settlers, and that the new immigrants might weaken the American Democracy. Therefore, American economic thought was united at the time in opposing unregulated immigration and in supporting significant new regulations on immigration. Economic thought regarding immigration was also consistent in its use of arguments based on logic in lieu of data analysis, was not clearly separated from other academic disciplines, and was easily accessible to educated Americans.

**1915-1930**

There was little change in American economic thought on immigration between the years 1890-1915 and 1915-1930. Those writing on economic matters continued to oppose high levels of immigration because of concerns regarding race, culture, and American wage rates. Economic thought continued to be non-technical and indistinct from other disciplines. There was a slight increase in the quantity of data referenced in the papers on immigration but this was only a small change. There was still no sophisticated data analysis. During the years 1915-1930 there was a stronger emphasis on Mexican immigration. This was particularly evident after the immigration law passed in 1924 placed significant restrictions on European immigration to the United States, but did not place similar restrictions on immigration from Mexico. During these years the phrase “scientific management” of immigration was coined. For the first time,
economists and others concerned with immigration, hoped to regulate, restrict, and organize immigration in a scientific manner. However, the basic similarity in economic thought is far greater than these small changes.

As compared to previous years, the level of immigration during the First World War was insignificant. The level of European immigration dropped from 815,000 in 1913 to 50,000 in 1915 and 19,000 in 1916. (Slichter 1929, 395) Possibly as a result, there was little written regarding the economic effects of immigration on the nation. The war, however, brought “the militant awakening of the national consciousness” and the idea of Americanization. There grew a desire for national racial unity and a desire for immigrants already residing in the United States to acquire and conform to American characteristics. (Wolfe 1921, 131)

Despite the small amount of European immigration during the war, economists still proposed ways to restrict future immigration. Land economist Homer Hoyt advocated the creation of a literacy test because it “…bars directly the immigrants who lack the educational training which is deemed of great importance in America.” (1916, 446) The test would therefore “…exclude undesirable classes and enable the United States to secure more of the industrially advanced races.” (Hoyt 1916, 447) Economists’ ideal foreign policy was “…one that would give America the greatest degree of commercial independence and compel the greatest dependence from the rest of the world.” (Hammond 1919, 153) The role of immigration in this policy would simply be to meet the nation’s labor demands.

As economists noted, the lack of immigration during the war led to a shortage of unskilled labor during the war. Harris Weinstock, who was an English immigrant, wrote that in the farming sector, the harvest season has “…seen a call for harvest hands at offers of wages almost prohibitory to the farmer, and yet the farm labor demand was not supplied.” (1917, 67) Weinstock further argued that the wealth of the United States must be profitably employed with an adequate labor supply. This labor supply would “…build our canals, our reservoirs, our railways, develop our mines, cut down our forests, and build our ships.” (1917, 68) He argued that immigrants were the ones most willing to perform menial tasks and were thus necessary for the building of the country’s
infrastructure. The immigrant, he concluded, does not rob Americans of work but rather “…his presence makes new and still more abundant work possible.”(1917, 70)

In the post-war years, the immigration rate began to increase causing fear of a return to pre-war immigration levels. As a result, economists and those scholars writing on economic issues, once again began to express their restrictionist attitudes. Henry Pratt Fairchild, a professor of sociology at NYU for most of his career, whose restrictionist ideas were prevalent before the war, continued to write many articles advocating limitations on immigration. Fairchild demanded the inhibition of immigration in the post-war period because of the “dire conditions” which would result from the influx of foreign labor. He argued that the United States had to “…handle the problems of demobilization of our own army and readjustment of our industrial situation, without serious injury to our standards of wages and working conditions.”(Fairchild 1919, 74)

Thus, the effect of army demobilization was similar to immigration in that both increased the labor supply, and unless foreign immigration was severely limited, the combination could prove disastrous for the American worker.

Economist Prescott Hall was a Harvard graduate and secretary of the Immigration Restriction League, an anti-immigration group based on the belief of white superiority. The league, formed in 1894, “…focused its activities on the literacy test and….has been probably the most influential agency working distinctly toward this end.”(Fairchild 1917, 452) The league’s lobbying effort was largely responsible for the literacy test passed in 1897.(1917, 453) Hall reiterated that only certain races should be allowed to immigrate saying that “…we must get away from the one-dimensional, sentimental point of view that all men and all races are potentially equal.”(1921, 193) He contended that new racial stocks should be restricted because “…the mixture of conflicting types and opinions seriously affected the capacity of the nation to think and to act as a unit.”(Hall 1921, 192) He concluded by arguing that these inferior race stocks had a difficult time assimilating to the culture and society.

During the postwar period, economists also began to develop policies dealing with what they termed the “scientific management of immigration”. Prior to this point, there had been plenty of literature advocating restriction, but few scholars specifically wrote on particular details of such a program. Henry W. Jessup, a member of the
National Committee for Constructive Immigration Legislation, thoroughly described such a policy aimed at “scientific regulation of immigration”. (1921, 213) He deemed this type of regulation necessary because “…the amount of immigration which may be admitted wisely in any given year….can not be made until scientific investigation has been made of two distinct sets of factors; one social, the other economic.” (Hall 1921, 213) Jessup’s new immigration policy had eight general principles ranging from which nationalities should be allowed to emigrate to more stringent literacy and employment standards. In addition, the government would create an Immigration Board to monitor the progress of the immigration legislation. Among the advantages of the proposed law envisioned by Jessup would be the maintenance of “American economic, social and hygienic labor standards”. (1921, 215) Jessup took the discipline of economics to a new level by the introduction of his management plan.

As a result of the overall restrictionist sentiment, congress passed the Quota Act of 1921. This law established a quota system allowing entry to only “…3 percent of the number of “foreign born persons of such nationality resident in the United States” as recorded in the 1910 census.” (Hutchinson 1949, 16) According to the formula, approximately 357,000 immigrants could enter the United States each year. (Hutchinson 1949, 16) This law marked a major change in American immigration policy because prior to this act, “…the evolution of legislative controls on immigration had been toward progressively higher standards of admissibility and successive additions to the excludable classes.” (Hutchinson 1949, 16) The Quota Act of 1921 was the first law to lower immigration by placing an upper limit on number of immigrants who could legally enter the country rather than to simply lower immigration through the tightening of standards for admissions. Thus this law was a major victory for most economists and others looking to restrict immigration.

Despite this success, proponents of restriction were not satisfied with the new law because they did not believe that it gave “…fair representation to the earliest immigrants and their pioneer descendants.” (Fairchild, 1924, p. 660) They believed that the quota should be based on an earlier period in order to achieve greater racial homogeneity. In addition, Alvin Hansen of the University of Minnesota, an economist later considered to have been central in introducing Keynesian ideas to the United States, reported on
immigration’s effects on wages. Hansen reported that the new immigration law prevented about 2,200,000 wage-earning immigrants from entering the country. He added that “...the wage level is considerably higher than it would have been had those wage-earners actually been admitted.”(Hansen 1923, 36) Hansen further argued that “Extensive immigration will merely serve to increase the exceptionally large spread that already obtains between the wages of skilled and common labor in America.”(Hansen 1923, 42) Hansen included far more data than most economics journal articles at this time. He included data on price changes, wage changes in various industries, skilled vs. unskilled labor wage rates, annual immigration and other data. His logic was plausible. For example, he reasoned that most immigrants would not become farm owners and thus would not compete with current American farmers. Instead, they would reduce manufacturing labor rates and hence prices, reduce shipping costs for farmers, and provide cheap labor to farmers.(Hansen 1923, 42) Thus, he concluded farmers should support increased immigration. Despite his plausible logic and his unusual inclusion of large amounts of data, Hansen’s analysis of the data was still quite primitive from a modern perspective. For example, he noticed that in years with relatively little immigration, the gap between skilled and unskilled labor wage rates usually decreased while in years of high immigration, it increased. He did not use any mathematical modeling to prove a relationship existed. He did not question whether a small sample size of just more than 10 years of annual data was sufficient to make a conclusion that a causal relationship existed. Hansen also did not consider whether World War I itself might have caused the gap in wage rates to shrink rather than the low immigration to the U.S. that occurred during the war. Thus while Hansen’s conclusions may be correct, his logic was believable, and he used data more than did others writing on economic matters during his time, there is still a stark contrast between his methods of argument and a modern, technical, mathematical, economics paper.

Congress once again granted the wishes of many economists when, in 1924, it passed a new immigration law. This new law essentially imposed on the nation the restrictions economists had wanted. The legislation instituted a new formula for determining the quota and reduced the quotas from three percent to two percent of the census population.(Hutchinson 1949, 17) In addition, the 1890 census, rather than the
1910 census, was used as the standard. This act implemented the two main policy aims of most economists: to reduce the volume of immigration and to reduce the number of immigrants from any areas outside of Northern and Western Europe. (Hutchinson 1949, 17)

There was little literature on European immigration written by economists between 1924 and 1930, further suggesting that economists saw little objectionable in current arrangements. The 1924 law did not restrict, however, immigration from other parts of North America. Interestingly, immigration from these areas increased after the legislation. Mexican immigration grew from 0.6 percent of the immigration total in 1910 to 9.5 percent of the total in 1926. (Abbott 1927, 128) As a result, economists focused on the effects of Mexican immigration on the country especially regarding the agricultural sector.

The effect of Mexican immigration on agriculture was primarily visible in Texas where it resulted in a low price of cotton. As a result of the new Mexican immigration, “…new agricultural areas are now being opened up, bringing land under cultivation which could not be utilized before.” (Abbot 1927, 130) In his article on Mexican immigration and agriculture, agricultural economist Alexander Cance reported that Mexicans “…are said to be indispensable if agriculture is to make a profit.” (1925, 108) He argued that Mexicans were not only a source of cheap labor, but they performed agricultural labor that no other Americans would. Cance, however, repeated some of the same arguments used against immigration from Southern and Eastern Europe. He claimed that “…most of these Mexicans are comparatively illiterate; they are not easily assimilated; many of them are here temporarily only; they add nothing to the social life of the rural community.” (Cance 1925, 108) He used these ideas to argue that the problem of immigration would not be solved until quotas were applied to Canada, Mexico, and South America.

After all the legislation had thoroughly slowed immigration rates in the late 1920’s, economist Niles Carpenter was one of the few who argued for less stringent immigration laws. Carpenter reported that the net migration from farm to city from 1924-1928 was 1,881,000. (Carpenter 1931, 723) He remarked that obviously the “…industrial expansion cannot be continued indefinitely unless there should take place a
very revolutionary change in agricultural technique.”(Carpenter 1931, 723) Without immigrant labor, the country’s agricultural sector would suffer as citizens continued to migrate to the city. The country thus would be in danger “…unless and until the American people authorize an about-face in their immigration policy…”(Carpenter 1931, 723).

There were significant changes in American economic policy during the period 1915-1930. However economic thought remained largely the same. Economists and others writing on economic issues generally remained opposed to high levels of immigration. They felt immigration was a concern culturally, racially, and that it would hurt American workers. Arguments regarding immigration remained non-technical and could be easily understood by the educated portion of the general population. Economics was still not clearly distinct from other academic subjects.

**1930-1950**

American economic thought on immigration evolved slightly in the years 1930-1950. Economists were still generally opposed to immigration in this period. Those writing in economic journals continued to argue that immigrants were different racially and culturally and would be hard to assimilate, that immigrants lowered the wages of unskilled American labor, and that they posed a risk to the United States’ political system. Economic thought continued to be non-technical, indistinct, and easily comprehensible. Arguments used against immigration in this period are generally less passionate and urgent than in earlier years. This is entirely understandable given the significant regulations that had been recently passed and the low levels of immigration to the United States prevalent during these years. There was a slight increase in the proportion of the economic literature that favored liberalizing immigration laws, but this may simply be a reflection of the restrictionists’ apathy upon victory rather than an indication that economic thought had evolved. The concept of “scientific management” of immigration became more prevalent in this period. The biggest change that occurred in these years was that some economists began to view immigration as a problem of shared international responsibility and authority rather than a domestic prerogative. Overall though, the changes that took place in this period were overshadowed by the continuities.
In the period 1930-1950, American immigration policy was highly restrictive. The government passed laws in 1921, 1924, and 1929 that severely limited the number of legal immigrants to the United States each year and also specified the racial makeup of the immigrants. The dominant American immigration law throughout this period was the national origins provision of 1929. This law “…stipulates that the total number of immigrants to be admitted during any one year shall be 150,000, and that this number shall be distributed according to the ratio which the various elements of the population of the United States in 1920 held to 150,000.”(Panunzio 1931, 23) The national origins legislation assigned “…approximately eighty-three per cent of the quotas, or 124,500 to Northern and Western Europe, and seventeen per cent, or 25,500 to Southern and Eastern Europe and to all other quota countries.”(Panunzio 1931, 23) In practice, the actual annual immigration was considerably lower than the limit set by the national origins legislation. According to Bernhard Ostrolenk, “Though the immigration quota allowed 153,774 persons to enter annually, the actual number that came in were 35,576 in 1932; 23,068 in 1933; and 29,470 in 1934.”(Ostrolenk 1939, 200) In the earlier time period already considered, there was considerable support in the economic journals for further restrictions on immigration to the United States. While support for restriction remained strong in the 1930-1950 period, it was not as passionate as previous thought and rarely were significant changes argued for, because actual immigration was so low and the restrictionists had essentially already won the debate. Edward Hutchinson, a former sociology professor at the University of Pennsylvania, explained the situation well:

The legislative history of immigration shows that there was little change of either law or policy during the fifteen years from the passage of the 1924 quota act to the outbreak of WW II. The first half of the 1920’s had been a period of great legislative activity during which the restrictionist view had triumphed decisively and the United States had made a major change in its immigration policy. During the next decade and a half restrictionist sentiment remained strong, and many attempts were made to restrict immigration further or to suspend it altogether. Depression and unemployment after 1929 led to renewed demands for drastic control measures and gave additional strength to the restrictionist cause, but by that time the political composition of Congress had changed. As a result perhaps of this change the restrictionists, who were to be found in both political parties, could no longer command sufficient votes to carry through their proposed legislation.”(Hutchinson 1949, 18)
Constantine Panunzio reflected very popular opinions among the economics writers from this time and the past by mentioning four primary bases for the country’s immigration policy. The policy “…aims to preserve for the people of this country a comparative sparsity of population, and thereby to contribute to the maintenance of economic well-being.”(Panunzio 1931, 18) Further, the hope was that a scarcity of labor and an abundance of natural resources would cause major investment in capital. Economists expected this to cause significant productivity and therefore wage gains, thereby improving the standard of living. Panunzio added “…restriction aims to safeguard labor in America. The theory underlying this objective is that the workers of America, including the foreign-born, can improve their wages, hours, and conditions of labor, or consolidate such gains as they have made, only as they are not subjected to the competition of a steadily flowing stream of immigrants.”(Panunzio 1931, 18)

Furthermore, restriction, “…aims to guard America’s social standards and political ideals and forms.”(Panunzio 1939, 19) Foreign radicals or those simply unfamiliar with democracy would weaken the country’s political system according to this concern. Finally, “…immigration policy is also based upon a demand for racial and cultural unity. The theory underlying this basis is that the United States has achieved a preeminence among the nations largely if not wholly because the early inhabitants were people of one particular race and a unified culture.”(Panunzio 1939, 19) These issues led to the general conclusion that “…the present policy of numerical restriction is not only highly satisfactory-it is vitally necessary to our national welfare and future progress.”(Garis 1931, 34)

Malthusian arguments ran through some of the economic journal articles in this period. According to Henry Fairchild of NYU, “A nation’s most precious possession is its land, and more or less consciously every nation has recognized this fact.”(1936, 290) Fairchild argued that “…emigration has been no relief for overpopulation, and immigration has not tended to increase the population but has simply had the result of substituting foreign population for native.”(1930, 8) He claimed that to defend his assertion “I need only recall to your minds the essential features of the Malthusian theory of population as we customarily call it, which represents the best thought along those lines…”(Fairchild 1930, 8) Fairchild explained “…so far as this country is concerned,
the theory is usually stated by saying that we have in 1930 no larger population in the United States than we would have had if not one immigrant had come to our shores since the year 1820.”(Fairchild 1930, 9) He asserted that it is pathetic that some believe immigration actually affects the sending and receiving countries’ populations because “…it is like a sufferer from some invidious disease who takes a patent medicine year after year and dose after dose and lives on, cherishing the fond hope that one more dose will produce results.”(Fairchild 1930, 10) While other authors did not make as strong statements as Fairchild, several agreed with him on the population point and used Malthusian reasoning.

Several economics journal articles in the period argued for “scientific management” of immigration. Former economics professor and government employee, Collis Stocking, believed that the quantity of immigration should be adjusted on a regular basis to conform to labor needs.(1949, 113) Harold Fields advocated intelligent control of regulation because without immigration management “…arrivals would still be the result of an unintelligent and unplanned exodus, with which logical and scientific immigration policies are not at all concerned.”(1931, 48) Panunzio suggested eight elements to create a constructive immigration policy based on scientific management. The eight aspects were: government control of migration, flexible numerical delimitation, positive selection (using positive characteristics to select immigrants rather than negatives ones to weed them out), occupational selection, wage scale requirements (immigrants must receive equal pay for equal work as those native to the U.S.), preference in immigrant selection to families coming over together and those wishing to reunite with family members, the creation of an immigration board to administer policies, and equal racial treatment to all potential immigrants.(Panunzio 1931, 25-27) While each article has its own idea of effective immigration management, many agree that the immigration issue must be administered “scientifically” by a professional management organization.

In the period 1930-1950, professional economic literature increasingly debated whether immigration was a domestic issue or one of shared international authority and responsibility. Edna Cers MacMahon of Hunter College claimed that “The various discriminatory measures noted are affecting international peace by creating, in addition to
the economic motives for aggression, a desire to seek compensation for the alleged
cultural and biological inferiority with which this legislation brands various
peoples.”(1939, 21) Harold Fields stated “Our stern domestic policy is unquestionably
harming our foreign relations.”(1931, 48) Due to these concerns, Paul Wiers, a former
economics instructor at the universities of Michigan and Minnesota, was happy to write
that international organizations were beginning to have a greater impact on domestic
immigration policies.(1949, 43-44) Edward Hutchinson and Wilbert Moore (a former
sociology professor at Princeton University) hoped the United Nations would eventually
play a large role in determining immigration policies.(1945, 164) In an article written in
1949, Hutchinson, a former professor of the University of Pennsylvania, was dismayed
by much of the United States’ immigration policy, but suggested “One favorable
tendency is, however, to be noted. That is the tendency to consider immigration policy in
a wider perspective, to base immigration legislation less on purely domestic issues, and to
give more weight to considerations of national policy and international relations.”(1949,
21) This growing internationalism was by no means universal. Roy Garis of Vanderbilt
for example said that some people were trying to make immigration an international
issue, “But the United States has established its claim that immigration is solely a
domestic problem, to be solved as we think best for the promotion of our own welfare.
We shall continue to maintain this right.”(1931, 40) Garis claimed doing this would save
the country from “…the fate of every great nation of the past that has permitted or has
been subjected to the unrestricted admission of foreigners.”(1931, 40)

There was some support in the economic literature for significant liberalization of
the United States’ immigration policies. Bernhard Ostrolenk’s article, “The Economics
of an Imprisoned World-A Brief for the Removal of Immigration Restrictions,” stood out
in this respect. According to the author, “By turning nations into feudal hamlets,
economic advantages, made possible because of geographic division of labor and because
of differences in resources, climate, skill, and genius of peoples, are being
destroyed.”(Ostrolenk 1939, 194) Ostrolenk claimed, “Race has been dealt with by
anthropologists who have effectively demolished popular confusions on race questions
and certainly the concept of racial superiority.”(1939, 195) Nevertheless, ideas of racial
superiority, fear of foreign radicalism, and the notion that foreigners are evil, made
“…the task of persuading the country to adopt a more cosmopolitan attitude formidable if not hopeless.” (Ostrolenk 1939, 195) Ostrolenk argued that organized labor opposed immigration because it “…adheres to an outmoded classical economics. It is merely an extension of the Malthusian doctrine into the wage-fund theory.” (1939, 196) He claimed that if the country liberalized immigration, it would be entrepreneurial, political refugees, not poor and illiterate unskilled workers, who would enter the nation. These refugees would start businesses and create jobs, not require public aid. A reversal of immigration restrictions would “…hearten liberalism and democracy the world over and would point the road away from the morass of autarchy.” (Ostrolenk 1939, 201) Thus, “The author categorically would counsel for ultimate free flow of people and an immediate sharp lowering of immigration bars.” (Ostrolenk 1939, 200)

As has been shown, there was some evolution in the years 1930-1950 in American economic thought regarding immigration. In particular, there was a shift toward viewing immigration as an issue that required international cooperation. However, economists were still generally opposed to immigration because of racial, economic, and wage concerns and the fear that immigrants might weaken the United States’ political system. Additionally there was little change in the methods of argument used during these years and economics did not significantly professionalize. Thus, while some small changes did take place between 1890 and 1950, the evolution of economic thought was quite small and slow.

1985-1995

Modern economic thought on immigration is significantly different from the earlier periods. Economics articles no longer used overtly racist arguments. Cultural issues in the years 1985-1995 were treated sensitively. Analyses focused on the different skills specific immigrants brought to this country rather than the inferiorities of certain groups. Economists were now widely in favor of relatively high levels of lightly regulated immigration. Racial and cultural concerns of past eras were largely absent, while the fear of depressed wages was fought by analyses that questioned the assumption that immigration decreased native wages. Economic thought was highly mathematical and technical. Many articles were not easily comprehensible to college educated students without a significant economics background. A vast proliferation of economics journals
existed in this period. Core economic journals such as *The American Economic Review* rarely published articles by non-economists during these years. Far more articles exhibiting economic thought on immigration were published in journals specific to economics than journals such as *Annals of the American Academy of Political and Social Science*. A clear distinction existed between economics and other social science disciplines. There was a true revolution in American economic thought regarding immigration between 1950 and 1985.

The dramatic changes that occurred between 1950 and 1985 did not happen all at once, but instead the change was a gradual transition marked by several seminal papers. One of these was Robert Mundell’s “International Trade and Factor Mobility” published in the American Economic Review in 1957. Mundell argued that “Commodity movements are at least to some extent a substitute for factor movements. The absence of trade implies commodity-price equalization and, even when factors are immobile, a tendency toward factor-price equalization.”(1957, 321) Thus, according to Mundell, even if immigration to the United States were eliminated, American wages would be depressed by flows of capital and international trade. This paper significantly reduced the relevance of the argument that immigration should be restricted because high levels of immigration would hurt the American worker. Additionally, Mundell’s paper was far more technical than earlier published papers on immigration. He made extensive use of graphs including commodity indifference curves and other graphical devices. Mundell wrote using technical jargon and argued in a manner that made his paper relatively distinct from other social sciences and rather inaccessible to Americans without economics training.

Another critical paper in the transition period was “Some Welfare Aspects of International Migration” written by Albert Berry and Ronald Soligo in 1969. This paper was far more mathematical and technical than those published prior to 1950 and even showed a significant progression from Mundell’s paper. In fact the paper relied so heavily on mathematical analysis that it was filled with footnotes explaining the operations being performed and included an appendix solely for the purpose of clarifying and justifying its calculations. According to Berry and Soligo, “This paper attempts to clarify the conditions under which immigration benefits or harms the remaining
population of a country under fairly standard classical market assumptions.”(1969, 792) The paper argued that in general emigration from a country causes welfare loss for those remaining in that country. This paper, by analyzing primarily the effects of emigration on the sending, rather than receiving country, continued the trend toward an increased analysis of immigration’s international effects, rather than solely focusing on migration’s effects on the United States. While showing that emigration hurts the sending country does not prove that it helps the receiving country, this paper’s analysis does suggest that foreign countries are not simply dumping their excess population on the United States, as some previous economic thought had feared. Thus the “International Trade and Factor Mobility” and “Some Welfare Aspects of International Migration” contributed to and reflected the increasing professionalization of American economic thought toward immigration and the growing belief among economists that immigration to the United States was benign.

The elimination of the national-origin quota system by the Immigration Act of 1965 resulted in an increased immigrant flow to the United States, which reawakened some economists’ old fears of immigrants stealing native jobs. As economist George Borjas, a former professor of economics at the University of California at San Diego and a research associate at the National Bureau of Economic Research, put it, “…the major changes in the national origin composition of the immigrant population, and the decline in the skills of immigrants relative to the skills of native workers have rekindled the debate over immigration policy.”(1995, 3) Economists investigated and generally agreed on three factors to explain immigration to the United States. The first had to do with the economic opportunities, evidenced by wage differentials, that immigrants could find when they arrive in the United States. The second was the transferability of skills to the United States as immigrants saw the opportunity to use their abilities in a more developed country. The last reason dealt with the refugees who come to the United States because of their lack of political freedom.(Greenwood and McDowell 1991, 622)

In the period 1985-1995, economists generally agreed that there were three different ways in which immigrants could affect native workers. Immigrants could, “…lower the price of factors with which they are perfect substitutes, have an ambiguous effect on the price of factors with which they are imperfect substitutes and raise the price
of factors with which they are complements.”(Freidberg and Hunt 1995, 28) The effect of immigration, thus, was thought to depend on the skill composition of the immigrants who entered the country. Unlike previous periods, economists generally found, however, that immigration had a positive or no effect on the United States. While few theoretical articles from the period speculated on the possible negative effects of immigration, empirical literature argued that immigration was beneficial to the United States.

Using the complementarity argument, Borjas initiated discussion of the possible benefits of immigration. He argued that “…natives do benefit from immigration mainly because of the production complementarities between immigrant workers and other factors of production, and that these benefits are larger when immigrants are sufficiently different from the stock of native productive inputs.”(1995, 5) Borjas argued that immigrants increase national income by more than it costs to employ them and labeled this increase in national income the “immigration surplus”.(1995, 6) Borjas also analyzed how the skill composition of immigrant flow affects economic gains from immigration. Borjas argued that in the absence of capital, “…the immigrant surplus is positive as long as the skill composition of the immigrant flow differs from that of native workers.”(1995, 13) He further claimed that “…a key lesson of economic analysis is that natives benefit from immigration only if immigrants are different from natives.”(1995, 13) When capital is present, Borjas concluded that “…a skilled immigrant flow generates a larger immigration surplus partly because of the production complementarities that exist between skilled labor and capital.”(1995, 16) By advocating the benefits of immigration, Borjas was thus in line with most economists of his period. He admitted that the “…gains could be increased considerably if the United States pursued an immigration policy that attracted a more skilled immigrant flow.”(1995, 5) Economists generally believed that “…skilled immigrants invest savings and add entrepreneurial talent to the economy.”(Walker et al. 1992, 235)

Robert Reischauer received his Ph.D. in economics at Columbia University and served as an economist in the Economic Studies Program of the Brookings Institution. Reischauer echoed Borjas’ remarks claiming that “…some groups of native labor may be complements to immigrant labor and may find their labor market prospects improved and their wages bid up as a result of increased immigration.”(1989, 122) Furthermore, “…if
immigrants filled an empty niche in the labor force; in other words, if they were willing to do the jobs that no native worker would accept at the prevailing wage…”, then “…immigrants could even prove to be a complementary factor of production for all categories of native workers…” and “…such a situation could lead to an increase in the demand for all types of native labor.”(Reischauer 1989, 122)

A survey conducted in 1985 by Stephen Moore, an economic policy analyst at the Heritage Foundation in Washington, D.C., confirmed that economists had become considerably more supportive of liberalized immigration. The survey was conducted on professors of six social science fields: economics, sociology, history, political science, anthropology, and psychology. The survey found that “…social scientists hold more favorable views of immigrants than the general public.”(Moore 1986, 214) In addition, the survey found economists to be more in favor of immigration than those professors polled in each of the other disciplines. Of the economists surveyed, 81 percent responded that immigration has had a “very favorable” impact on the nation’s economic growth. (Moore 1986, 215) All the economists surveyed responded that immigration had at least a slightly favorable impact on economic growth. In addition to the economic impact of immigration, the economists surveyed believed that immigration also has favorable social and cultural impacts although not as positive as the economic impact.(Moore 1986, 214)

It may be that economists were influencing the United States’ policy because the government passed the Immigration Act of 1990, which increased the number of legal immigrants allowed in the United States. Economists not only influenced the passing of new legislature, but new legislature also influenced economic thought. Economists wrote in response to new legislation in order to speculate on the effects of it. The other immigration law passed during the time period was the Immigration Reform and Control Act of 1986 (IRCA). This law aimed at stopping illegal immigration from Mexico by criminalizing the act of hiring an illegal worker and establishing penalties for doing so. Economists assumed that illegal immigrants would not come over knowing that their job prospects were low.(Chiswick 1988, 108)

As a result of the new legislation, a great deal of economic literature focused on the effects of illegal immigration on the country. Economist Barry Chiswick defined illegal immigrants as “…foreign-born persons whose mere presence in the United States
is in violation of the law or who have violated a condition of a lawful entry.” (1988, 102) These immigrants were “…disproportionately low-schooled, inexperienced, non-English-speaking workers.” (Chiswick 1988, 106) In 1990, there were an estimated 3.5 to 6 million illegal immigrants living in the United States, about half of whom were from Mexico. Every year, the United States gained about 800,000 legal and illegal immigrants. (Walker et al. 1992, 235) Economists believed that illegal immigration was prevalent during this period because of the incentives that immigrants had. These incentives stemmed from the differences in conditions between foreign countries and the United States. This was evidenced by the fact that “…among a sample of illegal aliens apprehended in 1974, nearly 40 percent did not have running water…compared to 2 percent in the United States.” (Chiswick 1988, 105)

The reported economic impact of these low-skilled illegal immigrants echoed arguments presented by economists for decades. As Chiswick argued, “…the entry into the labor force of additional low-skilled workers depresses the marginal productivity of all low-skilled workers. The decline in the marginal product of low-skilled natives generally translates into lower wages…” and “…may lead to a decrease in the employment of native workers.” (1988, 106) The presence of illegal immigrants, however, would also “…lead to an increase in the marginal productivity and hence the wage rate of higher-skilled workers and the return on capital.” (Chiswick 1988, 107) Thus, illegal immigration aids one native factor and hurts the other factor. Overall, “…the average income of the total population in the immigrant-receiving country has declined. More importantly, perhaps, the inequality of income in the destination country has increased.” (Chiswick 1988, 108) Economists thus viewed low-skilled illegal immigrants as examples of immigrants substituting for native labor.

The idea that economic thought on immigration changed is evidenced by the identities of the authors of “economic” literature on immigration. In the first period, the authors of literature in economic journals were of a variety of social science disciplines. For example, Henry Pratt Fairchild was a sociology professor at NYU, Edward P. Hutchinson was a sociology professor at UPenn, Edna MacMahon was an instructor in history at Hunter College, and Constantine Panunzio taught sociology at UC San Diego. In the later period, economists were solely responsible for a majority material written in
economic journals. The discipline had become clearly defined and distinct by that time and as a result, literature published in economic journals was reserved for economists.

Furthermore, economists in the new period demonstrated an increased sensitivity to ethnic issues by not repeating many of the racist justifications for immigration restriction. Arguments made by economics appeared thoughtful, sensitive, and backed by empirical evidence. This professionalism could be seen in economic thought on immigration regarding the view of “new immigration”. In the late 19th and early 20th century, many economists viewed all races outside of Western Europe as “poor racial stock”, “undesirable races”, and “bad racial strains”. (Hall 1913, 751) These undesirables were assumed to be low class, poor, workers aiming to take American jobs. In the late 20th century, however, economists’ viewed immigrants individually by their skill composition and potential to help the economy. New immigrants were described using words such as “low skilled” and “less educated” not only to eliminate racial prejudice but also to describe the impact of that type of immigration on the economy.

Not only were modern economists different from earlier economists in their appraisal of the effects of immigration, economists in this period were also rather distinct because of their greater reliance on mathematics. Economic literature was now filled with graphs, tables, and mathematical equations used to support economists’ assertions. George Borjas proved this point in his analysis of immigrant inflow. Using mathematics and graphical analysis, he modeled the nation’s aggregate production function as $Q = f(K, L)$, where $K$ is capital and $L$ is the nation’s labor force. National income would then be measured by “…the price of capital times the quantity used, plus the price of labor times the number of workers hired.” (Borjas 1995, 6) Immigration increased national income by increasing the number of workers hired. Graphically, Borjas showed that immigration shifts the supply of labor out and the increase in national income, the immigration surplus, is depicted by an increase in the area under the marginal product of labor curve. (1995, 6)

In the earlier periods, economists presented data without analyzing it mainly because the methods to do so were not available. In the late 20th century, however, economists used many methods to analyze data in order measure the impact of immigration on the country. In one of the approaches, called cross-sectional differencing,
economists “…look at a cross-section of cities or regions in a country and use variations in immigrant density to identify the effect of immigrants on the outcome of interest.” (Friedberg and Hunt 1995, 30-31) An example would be to look at the proportion of immigrants in many cities and the level of wages in those cities. In addition to using cross-sectional methods, economists employed time-series methods to try and predict future outcomes using past events.(Friedberg and Hunt 1995, 39)

Due to the increased use of mathematics in the economics profession, economists created and used many models to analyze new situations. Using the popular Heckscher-Olin model’s idea of factor price equalization, economists were able to analyze immigrant inflow. The relative prices of capital and labor were believed to equal each other due to the possibility of substitution between these two factors of production. Economists assumed that rich countries, such as the United States, “…have tariffs on goods that make intensive use of unskilled labor, in an attempt to raise the domestic wage of unskilled labor above the world level.”(Friedberg and Hunt 1995, 29) As a result, “Immigration of unskilled labor from abroad will occur until the wage of such labor returns to the world level.”(Friedberg and Hunt 1995, 29) Through this mechanism, economists deemed wage differentials responsible for immigration, which results in an increased labor force.

Citing the huge emphasis placed on the labor market impact of immigration on wages and employment, Friedberg and Hunt discussed the influence of immigration on growth. Using the Solow growth model, they reasoned that “…immigrants are assumed to bring no physical capital with them, but they do bring human capital.(Friedberg and Hunt 1995, 40) Furthermore, “…the key to the impact of immigration is whether immigrants bring enough human capital to offset their dilution of physical capital in the receiving economy.”(Friedberg and Hunt 1995, 40) Therefore, “…if immigrants have little human capital, their impact is akin to that of faster population growth in slowing per capita growth. If immigrant human capital levels are higher than natives by a sufficient amount, growth will be speeded up.”(Friedberg and Hunt 1995, 40)

Not all economists completely agreed with the sentiment that immigration was totally beneficial to all sectors of the United States economy. Some economists argued that immigration would lead to lower wages and increased unemployment of low-skilled
minority workers. These immigrants “…may displace U.S. workers—particularly among
the youth and minorities, where a relatively high incidence of unemployment is
endemic.” (Khor and Winegarden 1991, 105) Robert Reischauer countered this with data
on the unemployment rates between immigrant and non-immigrant cities. Reischauer
reported that “…the average unemployment rate for black males in the metropolitan areas
with the greatest immigration rose less than did the average rate for the areas that
experienced little immigration.” (1989, 126) He also indicated that similar results were
found when comparing labor participation rates between immigrant and non-immigrant
metropolitan areas.

The idea that immigrants were responsible for taking native low-skilled jobs and
lowering wages was further questioned by Rachel Friedberg and Jennifer Hunt.
Friedberg and Hunt found that “…empirical estimates in a variety of settings and using a
variety of approaches have shown that the effect of immigration on the labor market
outcomes of natives is small. There is no evidence of economically significant reductions
in native employment.” (1995, 42) They found that the reduction in wages is at most one
percent and that in fact “…those natives who should be the closest substitutes with
immigrant labor have not been found to suffer significantly as a result of increased
immigration.” (Friedberg and Hunt 1995, 42) Economists Kristin Butcher and David
Card came up with the same conclusions based on evidence from the 1980s. Butcher and
Card found “…little indication of an adverse wage effect of immigration, either cross-
sectionally or within cities over time.” (Butcher and Card 1991, 296)

Reischauer showed another way in which these modern economists largely found
benefits from immigration. He focused on the demand side of the aggregate economy
indicating that immigration “…raises the overall level of economic activity as the
immigrants who work and those who do not increase the demand for the goods and
services needed for daily existence.” (Reischauer 1989, 122). Reischauer provided the
example of this saying that “Mexican immigration into southern California might have
raised incomes for black workers because a significant portion of California’s blacks are
employed by the public sector and immigration has driven up the demand for public
services.” (Reischauer 1989, 123) During the period, some economists wrote about the
decreasing quality of immigrants entering the United States. The decline in immigrant
quality was attributed to the fact that “…non-European immigrants may arrive with fewer skills…” and “…average productivity may decline within immigrant groups when changes in laws and incentives favor the entry of less-skilled individuals.” (LaLonde and Topel 1991, 297-98) These assertions were tested by Robert LaLonde and Robert Topel. LaLonde and Topel discovered that there was indeed a decline in immigrant quality relative to natives. Immigrants, however, were more educated than in the past showing that there was actually an absolute improvement in the quality of immigrants. (LaLonde and Topel 1991, 298)

Most economists agreed that immigrants adjusted to the American way of life after years of living in the States. Using the example of Mexican immigrants, Chiswick commented that “…the rise in relative earnings with duration of U.S. residence for Mexican immigrants represents a labor market characteristic found among all immigrants. Earnings, employment, and occupational status rise for the foreign-born, relative to the native-born with U.S. labor market experience, as the immigrants acquire the labor market information, English-language fluency, and job-related skills that enhance their productivity. This may involve acquiring new skills or, more commonly, modifying previously existing skills.” (Chiswick 1986, 98) In the long run, immigrants were assumed to become more skilled and thus contribute to the economy.

American economic thought regarding immigration was relatively stable in the period 1890-1950. Economic thinkers were generally opposed to high levels of immigration and supported significant immigration restrictions. Papers on immigration in economics journals often advanced ideas of racial and cultural inferiority among immigrants as reasons to oppose immigration. Economic thought also opposed significant immigration because immigrants were thought to lower the wages of Americans, immigrants were thought to be entering the country for crass and ignoble reasons, and the immigrant flow was thought to do little to relieve overpopulation in other countries. The arguments used were often unsophisticated and implausible. The methods of inquiry were not technical or mathematical and thus the papers were easily accessible to any moderately educated individual. Additionally economics was not clearly distinguished from other social sciences. There was some evolution from 1890-1950. In the latter portion of this period there was a movement to see immigration as a
global issue rather than a domestic concern, Mexican immigration was emphasized much more as time went on, and the debate became less passionate after legislation in the 1920’s accomplished the restrictionists’ goals.

The period 1985-1995 is used in this paper as a tool to represent modern economic thought on immigration. It contrasts significantly with the earlier period. Economists were generally strongly in favor of less regulated immigration in this contemporary period. Economists were much more sensitive regarding racial and cultural issues. Arguments were more sophisticated and convincingly argued, more math and technical proofs were used, and the papers were less easily accessible to the general population. Additionally economics became clearly distinct from other disciplines. Thus an enormous leap in economic thought regarding immigration took place between 1950 and 1985. It is striking that the earlier, 60 year period, is one of only slow and incremental change, while the 35 years between 1950 and 1985 produced a revolution.

Several ideas were prominent throughout the economic literature and are commonly used in popular discourse on immigration today. One of these beliefs is that immigrants decrease the wages of unskilled Americans. Another common claim is that immigrants in recent years have come to this country for purely economic reasons, while immigrants formerly came for religious or other noble reasons. Finally, it is commonly suggested that immigrants take jobs that no American would do.

This paper does not argue that economic thought in the period 1890-1950 was completely static in regards to either ideas on immigration or methods of analysis used. However, it does contend that the changes during this earlier era were small when compared with the changes that took place in the latter half of the 20th century.
Bibliography


**Bibliography**


