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## Part I

### Summary

Discussions of basic economic problems and policies have always been concerned with population. Labor is a primary resource of production: with any given store of natural wealth, equipment, and technological skill, the limits of production are set by the size of the labor force.

The growth of a national economy may be stimulated by the increase of its population, which strongly affects consumer demand and the size of the labor force. Economic conditions in turn may influence the growth of population. In the United States population growth has traditionally been regarded as a source of strength and a sign of material progress.

In few other nations, perhaps in none of major industrial rank, has immigration played so large a role in augmenting population as in the United States. Although from the beginning the native birth rate, to be sure, has been a greater source of increase than foreign arrivals, yet none can doubt the importance of recruitment from abroad. That it must have had significant economic as well as social effects is a commonplace.

Before and during World War I there was extensive controversy concerning the consequences of immigration, some of it scholarly and well informed, much of it pervaded by the prejudices of the time. During that war immigration was sharply curtailed, and in the early 1920's legal restrictions greatly reduced the volume of arrivals. This reversal of a historic policy was in part the consequence of pressures by interests acting in supposed accordance with their economic advantage, but few would maintain that the decision was a carefully considered conclusion resting on adequate scientific research in the national interest. Since the early 1920's,

the change has been accepted as a *fait accompli* with little curiosity concerning its effects.

Now, a generation later, at a time when little public excitement over the question exists and when it has become possible, with additional information and newer techniques of investigation, to arrange the data so that they bear on major problem areas, it may be pertinent to look back over the whole course of immigration. The present paper constitutes only a small beginning of this task. It asks rather than answers questions which might be of importance for economic policy. The questions themselves arise from statistical results that should be accepted with the reservations explained in Part II. Yet the possibility of misrepresentation is small enough so that the conclusions should be reported.

### *The Basic Trends*

What was the magnitude of the long-term flow of immigration? In order to obtain an impression of the trends, the variations associated with business cycles and the longer swings were eliminated from the picture, for the time being. Early figures are less complete and reliable; few statistics of any sort are available before 1820. It is clear, however, that there was a tremendous jump in the net difference between immigrant arrivals and departures beginning in the late 1830's and extending to the time of the Civil War. After the Civil War, the net inward flow increased somewhat more moderately until World War I, when it began to suffer a sharp decline.

If the net difference between annual arrivals and departures is stated as a percentage of the total existing population, it reached its peak at 7 to 8 per cent in the years between 1838 and the Civil War, and then tended downward until it approximated 2 per cent of the total population after 1918. These estimates are probably on the conservative side.

Another long-term tendency of importance is a rising trend of the ratio of departures of immigrants to arrivals. This change began in the early years, but can be measured only since the 1870's. For the period 1878-1897 the ratio of departures to arrivals was about 17 per cent; in the period 1908-1914, when also there

was no war and no restrictive legislation, it exceeded 30 per cent. After 1918 it was even higher. For a short period during the depression of the 1930's departures even exceeded arrivals.

### *Immigrant Contribution to Population Increase*

The change in number of the foreign born measures the influence of immigration on population, since it accounts both for net arrivals and for the deaths of resident immigrants. Between 1850 and 1860 the foreign born population increased 1.89 million, while the total population was increased by 8.25 million. Immigration therefore was responsible for 22.9 per cent of population growth in that decade. Never again was the percentage quite so high, though it reached 17.1 per cent in 1860-1870, 20.1 per cent in 1880-1890, and 19.9 per cent in 1900-1910. Lower figures were registered for decades marked by serious depression—10.8 per cent in 1870-1880, and 8.4 per cent in 1890-1900. The percentage of increase in the foreign born to total increase dropped to 2.9 in 1910-1920, the World War I decade.

The revolutionary change in immigration policy following World War I must be largely responsible for the low figure of 1.7 per cent in 1920-1930. This change, augmented by the impact of depression, reduced the figure to -29.3 per cent in 1930-1940. In that troubled decade the number of the foreign born *declined* 2.61 million, while the total population grew 8.89 million. New net immigration failed by a wide margin to make up for deaths of immigrants already here.

Incoming immigrants, many of whom in the nineteenth and early twentieth centuries were young unmarried men or men who came without their families, added to the labor force even more relatively than they did to the population as a whole. Reliable figures of the gainfully occupied by nativity are not available prior to 1870, but in the decade that followed, checkered though it was by unemployment and crisis, the increase in the foreign born population accounted for 16.2 per cent of the total growth in the labor force. The figure jumped to 30.1 per cent in 1880-1890, declined to 10.1 per cent in 1890-1900, and rose again to 24.9 per cent in 1900-1910.

Then came the drastic decrease, to  $-1.2$  per cent in 1910–1920, followed by  $-5.3$  per cent in 1920–1930, and  $-40.7$  per cent in 1930–1940. In these years not only did net immigration drop, but a larger proportion of the immigrants were dependents of men already here.

It is impossible to estimate how much the population would have grown if immigration had not been so high in the earlier years, or if it had remained large in the later ones. Were the immigrants in any degree a substitute for native births that might have occurred had the incomers not arrived? Too many influences on the birth rate may exist to encourage even a guess.

In any event, immigration contributed about one-seventh of the total growth in population between 1870 and 1910, and about one-fifth of the growth in the labor force in the same period. In more recent decades it has contributed less than nothing. The change in itself is dramatic, and can scarcely have been without consequences. These figures disregard the secondary contribution of immigration to population, through the founding of new families and an increase in the second and later generations.

### *The Long Swings*

If the effect of short business cycles is eliminated from the figures, longer swings in immigration remain, each swing covering a period of about twenty years. For example, the average of annual arrivals during the business cycle 1871–1877 was 319,000; from this figure the average rose to 534,000 during the cycle of 1882–1888; then a decline began, to 318,000 in 1895–1897. Three of these twenty-year swings may be observed between the 1870's and the early 1940's. Apparently they also occurred in former years. Similar and still wider swings are found in *net* immigration.

Did the long immigration swings arise from swings in business activity and levels of living in the United States? As a rough test of the possibility, comparison was made between changes in net immigration and changes in gross national product per worker. (By far the largest component of national product is consumer goods.) Since the national product has a persistent upward trend, the series representing it was stated in percentages by which the year-to-year

change differed from the trend; the curve therefore shows a drop when the actual rise for any year is less than the long-term rate of increase. The gross national product curve reveals long swings of about the same duration as those in net immigration.

Before 1914, the twenty-year swings in immigration tend to *follow* those in gross national product per worker. It would be hazardous to conclude without further analysis that the swings in immigration were caused by similar changes in the improvement of levels of living in the United States, but the fragmentary evidence here presented may serve to reinforce the pertinence of the question.

Did the long swings in immigration have an effect on the economic activity of the nation? To make a beginning at investigation of this question, net immigration was compared with the course of housing construction, since increasing arrival of immigrant families might augment the demand for housing, while a slackening in immigration might bring a similar reduction in housing demand. Swings in housing construction (in constant dollar volume) of about twenty years' duration roughly coincide with the swings in net immigration. In this case the changes in immigration flow *precede* the changes in housing construction, as would be expected if the number of immigrants produced an effect on real-estate markets. Here again no conclusion can safely be drawn; the correspondence merely suggests a much broader problem for research.

### *Migration and Business Cycles*

Correspondence between migration and the business cycle has been carefully studied in the past. Re-examination of the figures up to World War II reveals the general conformity noted previously by others. With some exceptions, the number of arrivals increases in prosperity and falls in depressions, while the number of departures follows the opposite course. This conclusion must be modified by the steadily rising trend in departures.

It was suggested by Harry Jerome in his report for the National Bureau of Economic Research in 1926, *Migration and Business Cycles*, that if immigrant workers were less available to supple-

ment the labor force in booms, the consequent rise in labor costs might damp down the boom and hence moderate the ensuing depression. It was perhaps irrelevant that the restriction of immigration which had occurred shortly before the book was written exerted no visible damping effect on the boom then in progress, and that the ensuing depression was as far from moderate as can easily be imagined.

The present study suggests some fragmentary reasons for supporting the opposite conclusion—that cyclical changes in inward and outward migration might serve to moderate the cycle, or at least its effect on unemployment of the native labor force. There is some evidence to show that most of the departures were from the pool of the recently arrived. A large proportion of the arrivals and departures were of men, and of members of the labor force. Under conditions of a free in- and outflow, one might therefore regard foreign labor supply as a sort of stabilizing reservoir. Here is a possibility that merits further investigation.

#### *Immigration and Variations in Population Growth*

Restriction of immigration had at least one result that may have decreased the stability of the economy. Increase in the population of the United States proceeded at a steadier rate—that is, fluctuations in growth were less sharp—during the long period when immigration was large than after it was drastically reduced. Steadiness of population growth, at whatever rate, would seem to favor stability in aggregate consumer demand and in business expectations. In addition it might make it easier to avoid the disturbance to production or employment which could arise from variations in growth of the labor supply.

This effect on regularity of population growth is apparently accounted for by the fact that additions to the population consisting of second-generation Americans tend to cancel out alterations in the birth rate for native born American parents. Swings in immigration and in the rate of increase of native born of *native* parentage are roughly synchronous; apparently they respond to the same forces within the economy. But swings in the rate of increase of native born of *foreign* parentage lag a decade behind immigra-

tion, presumably reflecting the lag in the founding of families and childbearing. Because of this difference in phase, the net additions to population from the two sources together are steadied—as long as immigration remains an important factor.

Before the 1920's the proportional increase in total native born population was comparatively free from swings. It was only in the 1930's that the sharp drop of births within the country, in combination with the virtual absence of immigration during the decade, produced a sudden and drastic fall in the rate of increase in the nation's population. This fall was soon felt in elementary and later in secondary schools. It is now affecting higher education and the labor supply. A correspondingly drastic increase is in prospect as a consequence of the rise in birth rates during the 1940's.

#### *Proportion of Foreign Born in the Labor Force*

A wide divergence of opinion has prevailed in the United States concerning the effect on the nation's culture and institutions of the fact that a large proportion of the population was of foreign birth, and that of these, many were recent arrivals. A pertinent fact, however, was seldom if ever observed—a given volume of immigration contributed a progressively smaller increase to the foreign born population as time went on. With a larger resident body of foreign born, more new arrivals were needed to offset the deaths of the resident population. And with a larger proportion of departures to arrivals, more gross arrivals were needed to preserve the same net additions. In 1870–1880 less than three arrivals resulted in one additional foreign born resident; in 1900–1910 the ratio was more than three to one; and by 1920–1930 it had jumped to eight to one. In addition, the proportion of the foreign born who were recent arrivals steadily declined, even before immigration was restricted.

In 1890 and 1910 perhaps as much as 50 per cent of the foreign born who were gainfully occupied had been in the country only 10 years or less. If so, they constituted more than 10 per cent of the total labor force of the nation. What were the consequences of this fact to the relations between management and labor, to

union organization and policy, to distribution of income, to the social and political environment? And what changes in these respects may be attributed to the fact that by 1940 the number of recent arrivals had become insignificant?

Other questions, less frequently discussed in this connection, also deserve examination. Does the drastic decline of demand for unskilled labor, directly consequent upon the introduction of mechanized processes for heavy work in construction, industry, transportation, and agriculture—a change which became prominent in the 1920's—have any relationship of cause or effect to the decline of immigration? What are the interrelationships among a rapidly advancing technology, an open or a closed frontier to labor migration, and the labor market? What are the implications of these matters for economic growth, or for cyclical or longer undulations in economic activity? The area of investigation touched by this paper has long been slighted, and might richly repay more intensive research.