When Migrants Rule: the Legacy of Mass Migration on Economic Development in the US.
Urban Trends in a Changing and Spiky World

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Future challenges of the New Urban World

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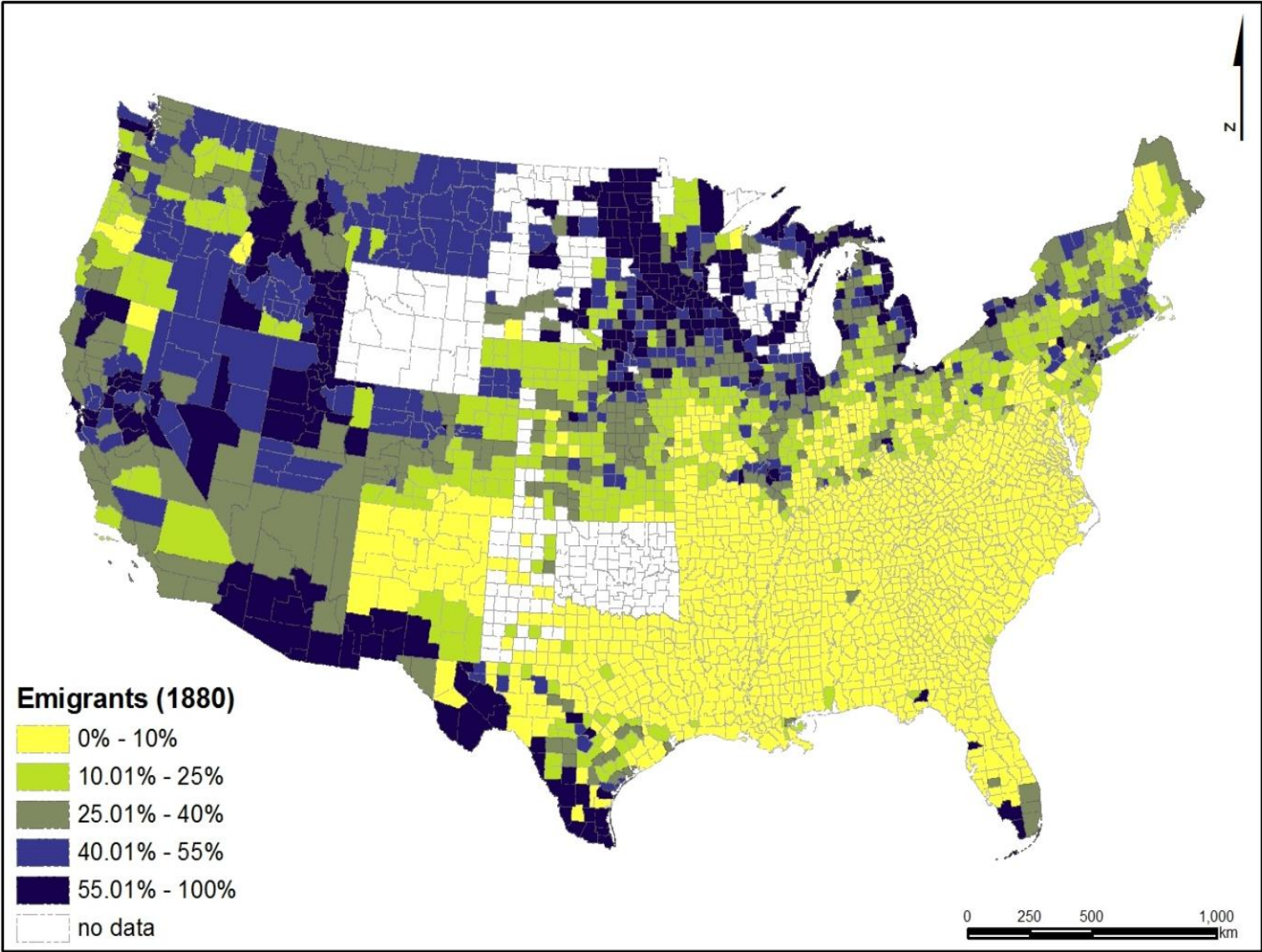# Mass migration in an urban world

▶ **Mass migration has been considered as a key factor for economic dynamism**

▶ **Mass migration mainly channelled into cities**

▶ **But increasing barriers to mass migration**

　　1. Mobility restrictions

　　2. Visas

　　3. More effective policing (ex-ante and ex-post)

　　4. Walls

▶ **But what are the implications of restrictions for migration?**

　　1. Most analyses short-term

　　2. But what about the long-run

　　3. Case of the US
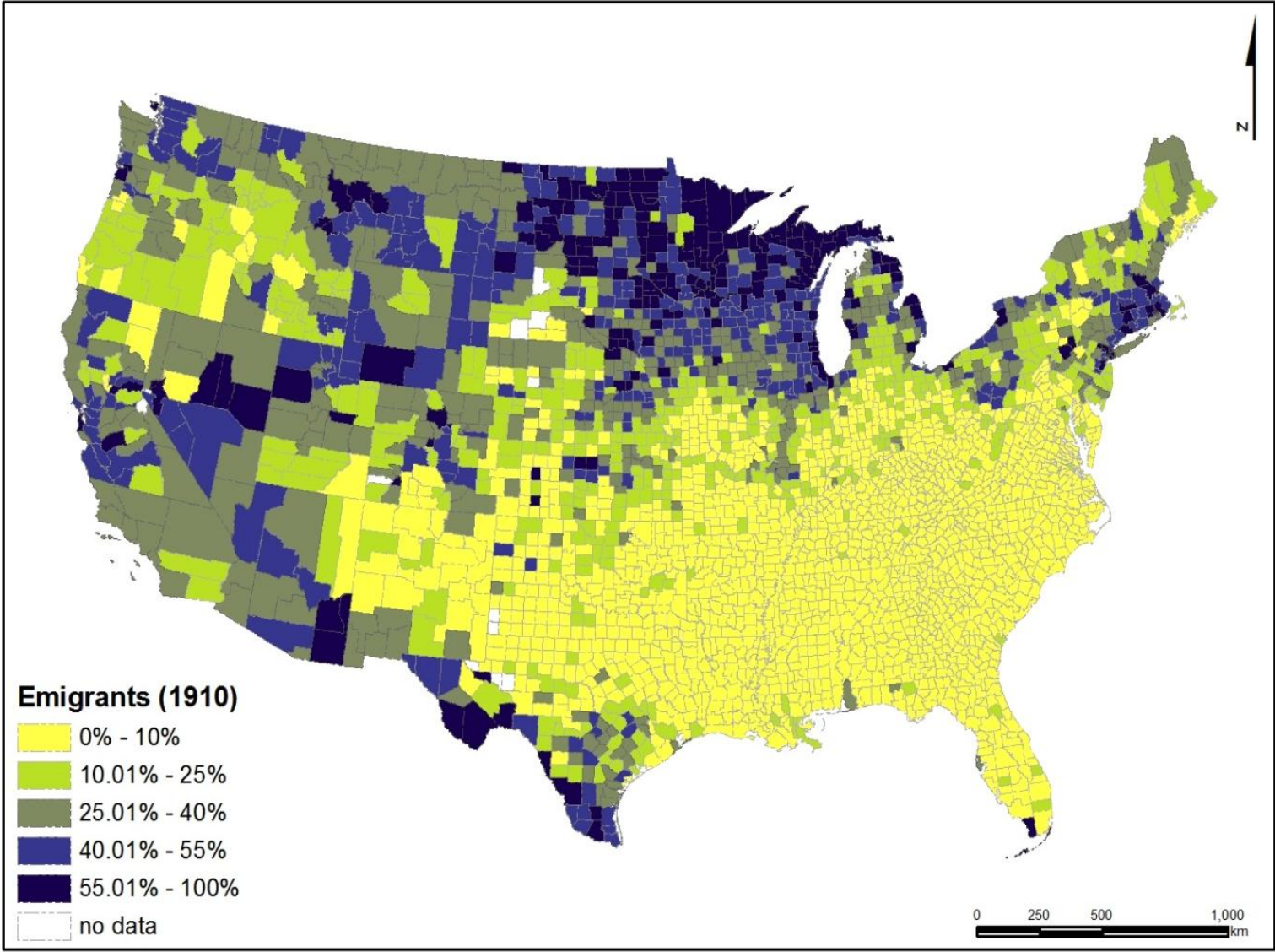
Mass immigration to the US – stylised facts

▶ **1860 - WWI, >40 million people left Europe to the "new world"**

▶ **Main destination: United States**

▶ **number of foreign born 1860: 4 million 1920: 14 million**

▶ **2 waves – old and new migration**

- pre-Civil War period until 1880s
  - Origin England, Ireland, Germany and Scandinavia
- late 1880s until 1920s;
  - Origin: Italy, Greece, Poland, Austria-Hungary, Russia and the former Soviet Union

▶ **General profile of migrant: male, single, young, rural, poor, and unskilled**

Geographical Settlement of Migrants, 1880

Emigrants (1880)
- 0% - 10%
- 10.01% - 25%
- 25.01% - 40%
- 40.01% - 55%
- 55.01% - 100%
- no data

Geographical Settlement of Migrants, 1910

Emigrants (1910)
- 0% - 10%
- 10.01% - 25%
- 25.01% - 40%
- 40.01% - 55%
- 55.01% - 100%
- no data

Geographical Settlement of Locals, 1910

Natives (1910)
- 0% - 45%
- 45.01% - 60%
- 60.01% - 75%
- 75.01% - 90%
- 90.01% - 100%
- no data
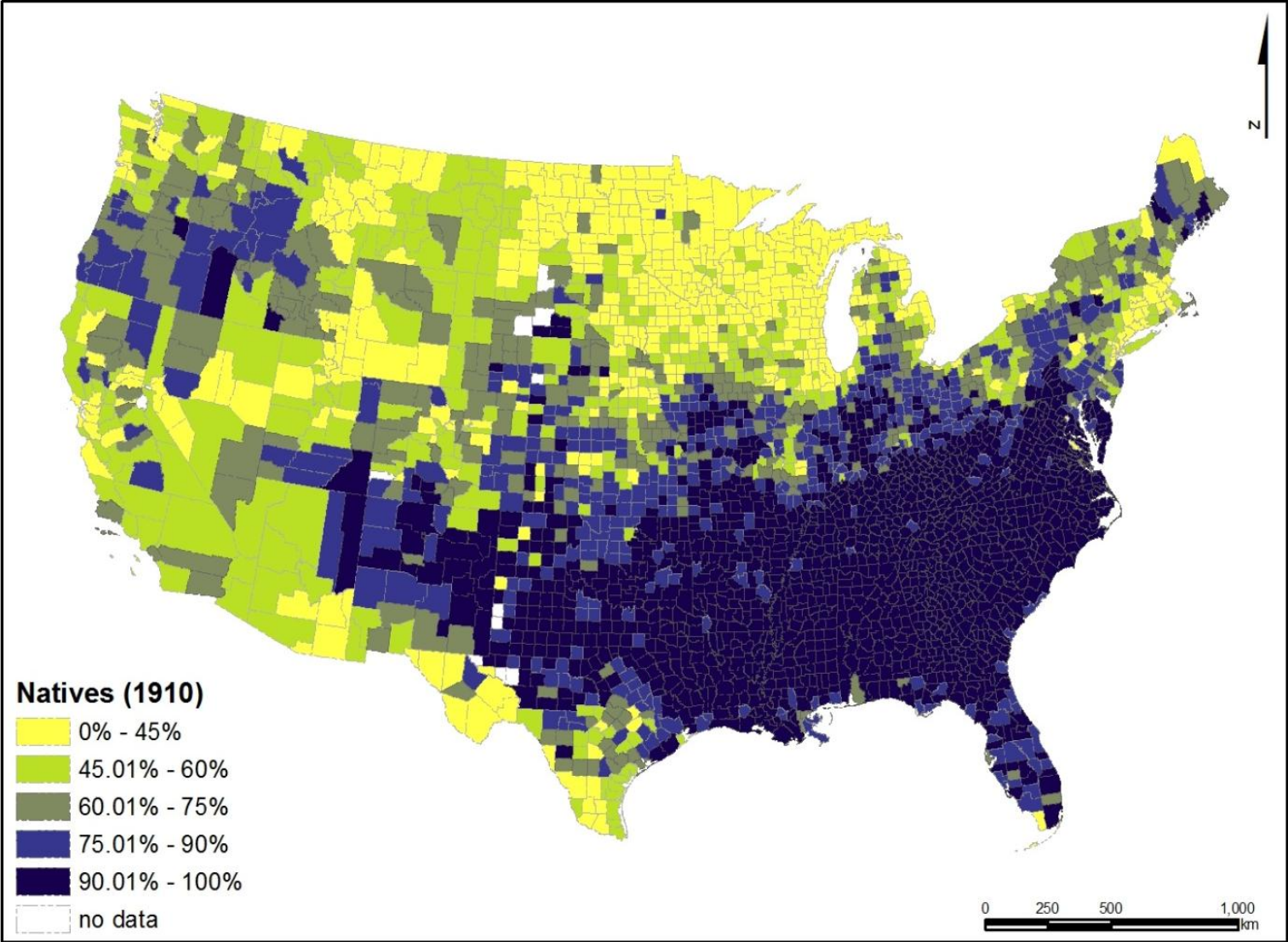
Migration and Economic Development

▶ **Institutional Factors**

- Impact of exogenous cultural institutions developed in history on current development (Tabellini, 2010)

- Link between institutional heritage left by colonial powers and degree of economic development (Acemoglu et al., 2001)

- Preservation of migrant culture within their community overseas (Gordon, 1961)

- Strong correlations between cultural institutions displayed by US migrants and the civic culture in their country of origin (Rice & Feldman, 1997)

▶ **How long does it last?**

- Long term perspective: Transmission of inherited institutions over long term (Borjas, 1992; Algan & Cahuc 2010) vs. melting pot view of the US (Gordon, 1964)

Analysis of the Results: Migrants I

Dep. Variable: income p.c. 2005	(1) OLS migrants	(2) OLS migrants	(3) IV distance to NY	(4) IV distance to NY	(5) IV Catholics	(6) IV Catholics	(7) IV Baptists	(8) IV Baptists	(9) IV Catholics Baptists	(10) IV Catholics Baptists
migrants 1880	0.0415**	0.0406**	0.701**	0.985*	0.103**	0.110*	0.267**	0.376**	0.121**	0.128**
	(0.0178)	(0.0199)	(0.332)	(0.517)	(0.0516)	(0.0627)	(0.121)	(0.187)	(0.0499)	(0.0616)
population 1990	0.0159***	0.0159***	0.00933*	0.00914*	0.0153***	0.0154***	0.0137***	0.0136***	0.0151***	0.0153***
	(0.00305)	(0.00306)	(0.00483)	(0.00545)	(0.00306)	(0.00307)	(0.00331)	(0.00345)	(0.00307)	(0.00307)
black population 1990	0.00997	0.00964	0.00366	0.0143	0.00952	0.0100	0.00845	0.0119	0.00940	0.0102
	(0.0258)	(0.0259)	(0.0312)	(0.0353)	(0.0256)					
education 1990	1.362***	1.361***	1.352***	1.368***	1.364***	1.				
	(0.0534)	(0.0535)	(0.0650)	(0.0746)	(0.0530)					
female participation 1990	0.301***	0.303***	0.330***	0.348***	0.303***	0.				
	(0.0571)	(0.0572)	(0.0696)	(0.0801)	(0.0567)					
unemployment 1990	-1.982***	-1.989***	-2.079***	-2.090***	-1.991***	-1				
	(0.121)	(0.121)	(0.151)	(0.171)	(0.120)					
agriculture 1990	0.164***	0.161***	0.160***	0.168**	0.164***	0.162***	0.164***	0.165***	0.164***	0.162***
	(0.0495)	(0.0496)	(0.0598)	(0.0677)	(0.0492)	(0.0492)	(0.0504)	(0.0518)	(0.0492)	(0.0493)
infant mortality 1990	-0.0494	-0.0482	-0.00465	-0.00657	-0.0454	-0.0453	-0.0343	-0.0335	-0.0442	-0.0445
	(0.0305)	(0.0305)	(0.0432)	(0.0474)	(0.0304)	(0.0304)	(0.0321)	(0.0328)	(0.0304)	(0.0304)
black population 1880		-0.0156		0.187		-0.00190		0.0538		0.00195
		(0.0293)		(0.114)		(0.0316)		(0.0495)		(0.0315)
income 1880		-0.00107		-0.0109*		-0.00173		-0.00444*		-0.00192
		(0.00138)		(0.00555)		(0.00150)		(0.00237)		(0.00149)
female participation 1880		-0.00594		-0.336*		-0.0300		-0.121		-0.0363
		(0.0571)		(0.188)		(0.0602)		(0.0870)		(0.0601)
agriculture 1880		-0.00812		0.378*		0.0208		0.130		0.0283
		(0.0311)		(0.214)		(0.0394)		(0.0829)		(0.0391)
literacy 1880		-0.0211		0.0923		-0.0161		0.0136		-0.0140
		(0.0309)		(0.0736)		(0.0315)		(0.0384)		(0.0315)
state controls	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Observations	2,875	2,873	2,874	2,872	2,874	2,872	2,874	2,872	2,874	2,872
R-squared	0.619	0.620	0.429	0.278	0.618	0.618	0.598	0.578	0.617	0.617

1880 Migration is positive and significant for all instruments used

Analysis of the Results: Migrants II

Dep. Variable: income p.c. 2005	OLS migrants	IV distance to NY	IV Catholics	IV Baptists	IV Catholics Baptists
migrants 1880	0.0406**	0.985*	0.110*	0.376**	0.128**
	(0.0190)	(0.517)	(0.0627)	(0.187)	(0.0616)
population 1990	0.0159***	0.00914*	0.0154***	0.0136***	0.0153***
	(0.00306)	(0.00545)	(0.00307)	(0.00345)	(0.00307)
black population 1990	0.00964	0.0143	0.0100	0.0119	0.0102
	(0.0259)	(0.0353)	(0.0256)	(0.0270)	(0.0257)
education 1990	1.361***	1.368***	1.365***	1.372***	1.365***
	(0.0535)	(0.0746)	(0.0530)	(0.0560)	(0.0531)
female participation 1990	0.303***	0.348***	0.306***	0.317***	0.306***
	(0.0572)	(0.0801)	(0.0567)	(0.0601)	(0.0568)
unemployment 1990	-1.989***	-2.090***	-1.996***	-2.022***	-1.998***
	(0.121)	(0.171)	(0.120)	(0.127)	(0.120)
agriculture 1990	0.161***	0.168**	0.162***	0.165***	0.162***
	(0.0496)	(0.0677)	(0.0492)	(0.0518)	(0.0493)
infant mortality 1990	-0.0482	-0.00657	-0.0453	-0.0335	-0.0445
	(0.0305)	(0.0474)	(0.0304)	(0.0328)	(0.0304)
Observations	2,873	2,872	2,872	2,872	2,872
R-squared	0.620	0.278	0.618	0.578	0.617

Migration 1880 is positive and significant

Most of the 1990 controls are highly significant and show the expected signs

Analysis of the Results: Migrants III

Dep. Variable: income p.c. 2005	OLS migrants	IV distance to NY	IV Catholics	IV Baptists	IV Catholics Baptists
migrants 1880	0.0406**	0.985*	0.110*	0.376**	0.128**
	(0.0190)	(0.517)	(0.0627)	(0.187)	(0.0616)
black population 1880	-0.0156	0.187	-0.00190	0.0538	0.00195
	(0.0293)	(0.114)	(0.0316)	(0.0495)	(0.0315)
income 1880	-0.00107	-0.0109*	-0.00173	-0.00444*	-0.00192
	(0.00138)	(0.00555)	(0.00150)	(0.00237)	(0.00149)
female participation 1880	-0.00594	-0.336*	-0.0300	-0.121	-0.0363
	(0.0571)	(0.188)	(0.0602)	(0.0870)	(0.0601)
agriculture 1880	-0.00812	0.378*	0.0208	0.130	0.0283
	(0.0311)	(0.214)	(0.0394)	(0.0829)	(0.0391)
literacy 1880	-0.0211	0.0923	-0.0161	0.0136	-0.0140
	(0.0309)	(0.0736)	(0.0315)	(0.0384)	(0.0315)
Observations	2,873	2,872	2,872	2,872	2,872
R-squared	0.620	0.278	0.618	0.578	0.617

Migration 1880 is positive and significant

Most 1880 controls are not significant

Income 1880 is negatively associated to income 2005

Analysis of the Results: Natives I

Dep.var: income p.c. 2005	(1) OLS locals	(2) OLS locals	(3) IV distance NY	(4) IV distance NY	(5) IV Catholics	(6) IV Catholics	(7) IV Baptists	(8) IV Baptists	(9) IV Catholics Baptists	(10) IV Catholics Baptists
native population 1880	-0.0403**	-0.0396**	-0.745**	-1.120*	-0.0926**	-0.0991*	-0.232**	-0.326**	-0.110**	-0.117**
	(0.0167)	(0.0179)	(0.368)	(0.649)	(0.0466)	(0.0567)	(0.105)	(0.161)	(0.0448)	(0.0555)
population 1990	0.0159***	0.0159***	0.00844	0.00805	0.0154***	0.0155***	0.0139***	0.0139***	0.0152***	0.0153***
	(0.00305)	(0.00306)	(0.00535)	(0.00644)	(0.00306)	(0.00306)	(0.00327)	(0.00336)	(0.00306)	(0.00306)
black population 1990	0.00998	0.00973	0.00354	0.0180	0.00960	0.0102	0.00870	0.0123	0.00949	0.0104
	(0.0258)	(0.0258)	(0.0326)	(0.0393)	(0.0256)	(0.0256)	(0.0261)	(0.0267)	(0.0256)	(0.0257)
education 1990	1.362***	1.362***	1.358***	1.378***	1.364***	1.365***	1.367***	1.372***	1.365***	1.365***
	(0.0534)	(0.0534)	(0.0684)	(0.0839)	(0.0530)	(0.0530)	(0.0541)	(0.0555)	(0.0531)	(0.0531)
female participation 1990	0.301***	0.303***	0.328***	0.350***	0.302***	0.305***	0.306***	0.314***	0.303***	0.306***
	(0.0571)	(0.0572)	(0.0727)	(0.0887)	(0.0566)	(0.0567)	(0.0579)	(0.0594)	(0.0567)	(0.0568)
unemployment 1990	-1.982***	-1.989***	-2.074***	-2.083***	-1.988***	-1.994***	-2.004***	-2.012***	-1.990***	-1.995***
	(0.121)	(0.121)	(0.158)	(0.187)	(0.120)					(0.120)
agriculture 1990	0.164***	0.161***	0.152**	0.162**	0.163***					***
	(0.0495)	(0.0496)	(0.0625)	(0.0744)	(0.0491)					492)
infant mortality 1990	-0.0495	-0.0484	-0.00227	-0.00564	-0.0462					455
	(0.0305)	(0.0305)	(0.0458)	(0.0526)	(0.0304)					303)
coloured population 1880		-0.0152		0.235						158
		(0.0293)		(0.153)		(0.0315)		(0.0471)		(0.0314)
income 1880		-0.00100		-0.0107*		-0.00150		-0.00350*		-0.00165
		(0.00138)		(0.00607)		(0.00144)		(0.00200)		(0.00144)
female participation 1880		-0.00668		-0.412*		-0.0292		-0.113		-0.0357
		(0.0571)		(0.249)		(0.0600)		(0.0834)		(0.0599)
agriculture 1880		-0.00551		0.520		0.0242		0.135		0.0327
		(0.0313)		(0.317)		(0.0406)		(0.0843)		(0.0403)
literacy 1880		-0.0217		0.0943		-0.0185		0.00392		-0.0167
		(0.0309)		(0.0822)		(0.0312)		(0.0357)		(0.0312)
State controls	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Observations	2,875	2,873	2,874	2,872	2,874	2,872	2,874	2,872	2,874	2,872
R-squared	0.619	0.620	0.375	0.121	0.618	0.619	0.602	0.586	0.617	0.618

local population 1880 is negative and significant for all instruments used

Analysis of the Results: Natives II

Dep.var: income p.c. 2005	OLS locals	IV distance NY	IV Catholics	IV Baptists	IV Catholics Baptists
native population 1880	-0.0396**	-1.120*	-0.0991*	-0.326**	-0.117**
	(0.0179)	(0.649)	(0.0567)	(0.161)	(0.0555)
population 1990	0.0159***	0.00805	0.0155***	0.0139***	0.0153***
	(0.00306)	(0.00644)	(0.00306)	(0.00336)	(0.00306)
black population 1990	0.00973	0.0180	0.0102	0.0123	0.0104
	(0.0258)	(0.0393)	(0.0256)	(0.0267)	(0.0257)
education 1990	1.362***	1.378***	1.365***	1.372***	1.365***
	(0.0534)	(0.0839)	(0.0530)	(0.0555)	(0.0531)
female participation 1990	0.303***	0.350***	0.305***	0.314***	0.306***
	(0.0572)	(0.0887)	(0.0567)	(0.0594)	(0.0568)
unemployment 1990	-1.989***	-2.083***	-1.994***	-2.012***	-1.995***
	(0.121)	(0.187)	(0.120)	(0.126)	(0.120)
agriculture 1990	0.161***	0.162**	0.161***	0.162***	0.161***
	(0.0496)	(0.0744)	(0.0492)	(0.0513)	(0.0492)
infant mortality 1990	-0.0484	-0.00564	-0.0462	-0.0372	-0.0455
	(0.0305)	(0.0526)	(0.0303)	(0.0321)	(0.0303)
Observations	2,873	2,872	2,872	2,872	2,872
R-squared	0.620	0.121	0.619	0.586	0.618

Native population 1880 is negative and significant

Most of the 1990 controls are highly significant and show the expected signs

Analysis of the Results: Natives III

Dep.var: income p.c. 2005	OLS locals	IV distance NY	IV Catholics	IV Baptists	IV Catholics Baptists
native population 1880	-0.0396**	-1.120*	-0.0991*	-0.326**	-0.117**
	(0.0179)	(0.649)	(0.0567)	(0.161)	(0.0555)
black population 1880	-0.0152	0.235	-0.00238	0.0490	0.00158
	(0.0293)	(0.153)	(0.0315)	(0.0471)	(0.0314)
income 1880	-0.00100	-0.0107*	-0.00150	-0.00350*	-0.00165
	(0.00138)	(0.00607)	(0.00144)	(0.00200)	(0.00144)
female participation 1880	-0.00668	-0.412*	-0.0292	-0.113	-0.0357
	(0.0571)	(0.249)	(0.0600)	(0.0834)	(0.0599)
agriculture 1880	-0.00551	0.520	0.0242	0.135	0.0327
	(0.0313)	(0.317)	(0.0406)	(0.0843)	(0.0403)
literacy 1880	-0.0217	0.0943	-0.0185	0.00392	-0.0167
	(0.0309)	(0.0822)	(0.0312)	(0.0357)	(0.0312)
Observations	2,873	2,872	2,872	2,872	2,872
R-squared	0.620	0.121	0.619	0.586	0.618

Native population 1880 is negative and significant

Most 1880 controls are not significant

Analysis – Income per capita 1960 I

dep.var: income p.c. 1960	OLS migrants	IV distance to NY	IV Catholics	IV Catholics	IV Catholics Baptists
migrants 1880	0.114***	0.575	0.287***	0.299	0.288***
	(0.0209)	(0.509)	(0.0733)	(0.251)	(0.0724)
population 1950	0.00457	-0.00329	0.00150	0.00128	0.00149
	(0.00372)	(0.00976)	(0.00393)	(0.00580)	(0.00393)
black population 1950	-0.614***	-0.577***	-0.602***	-0.601***	-0.602***
	(0.0396)	(0.0575)	(0.0400)	(0.0437)	(0.0400)
education 1950	0.800***	0.771***	0.787***	0.786***	0.787***
	(0.0785)	(0.0910)	(0.0788)	(0.0808)	(0.0788)
female participation 1950	0.799***	0.772***	0.788***	0.787***	0.788***
	(0.0663)	(0.0778)	(0.0666)	(0.0684)	(0.0666)
unemployment 1950	-2.094***	-2.529***	-2.266***	-2.279***	-2.267***
	(0.328)	(0.610)	(0.336)	(0.413)	(0.335)
agriculture 1950	-0.818***	-0.852***	-0.832***	-0.833***	-0.832***
	(0.0257)	(0.0476)	(0.0263)	(0.0323)	(0.0263)
infant mortaliy 1950	-0.791***	-0.795***	-0.791***	-0.791***	-0.791***
	(0.234)	(0.251)	(0.234)	(0.235)	(0.234)
Observations	2,861	2,860	2,861	2,861	2,861
R-squared	0.831	0.801	0.826	0.826	0.826

Migration 1880 is significant in the majority of the cases

Most of the 1950 controls are significant

Analysis – Income per capita 1960 II

dep.var: income p.c. 1960	OLS migrants	IV distance to NY	IV Catholics	IV Baptists	IV Catholics Baptists	
migrants 1880	0.114***	0.575	0.287***	0.299	0.288***	**Migration 1880 is significant in the majority of the cases**
	(0.0209)	(0.509)	(0.0733)	(0.251)	(0.0724)	
black population 1880	0.444***	0.512***	0.471***	0.473***	0.471***	
	(0.0416)	(0.0912)	(0.0431)	(0.0578)	(0.0431)	
income 1880	-9.60e-05	-0.00462	-0.00182	-0.00194	-0.00183	
	(0.00153)	(0.00532)	(0.00169)	(0.00293)	(0.00168)	**Most of the 1880 controls are now highly significant**
female participation 1880	-0.284***	-0.405***	-0.331***	-0.334***	-0.331***	
	(0.0651)	(0.154)	(0.0679)	(0.0945)	(0.0679)	
agriculture 1880	0.0657*	0.236	0.130***	0.135	0.130***	
	(0.0358)	(0.193)	(0.0444)	(0.0998)	(0.0442)	
literacy 1880	0.383***	0.436***	0.404***	0.405***	0.404***	
	(0.0354)	(0.0707)	(0.0364)	(0.0462)	(0.0364)	
Observations	2,861	2,860	2,861	2,861	2,861	
R-squared	0.831	0.801	0.826	0.826	0.826	

Conclusions

▶ **A massive influx of migrants in 1880 has helped shape the character of US cities and localities in a way that can still be felt in the level of development of the county today.**

▶ **Counties (and cities) that attracted large numbers of migrants tend to be richer today.**

1. Other factors, (such as i.e. local mean income in 1880) seem to influence the level of wealth of a county for a certain number of years.

2. Beyond a specific time threshold the influence of the majority of these local conditions wanes.

▶ **Counties which experienced the lowest level of migration have tended to perform worse over the last century and a half.**

Conclusions II

▶ **This begs the policy question**

▶ **Are current migration policies adequate?**

▶ **What is the impact of current migration policies going to be 50 or 100 years down the line?**

1. Current policies discourage migration or permit highly selective migration on the basis of skills and training

2. But current economic dynamism in the US has been in part based on large hoards of young, generally uneducated and often difficult to assimilate migrants

3. Precisely the type of migration most countries want to put a cap on

4. The consequences of curbing migration flows will certainly be felt in the long run.

When Migrants Rule: the Legacy of Mass Migration on Economic Development in the US

Rodríguez-Pose with v. Berlepsch

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