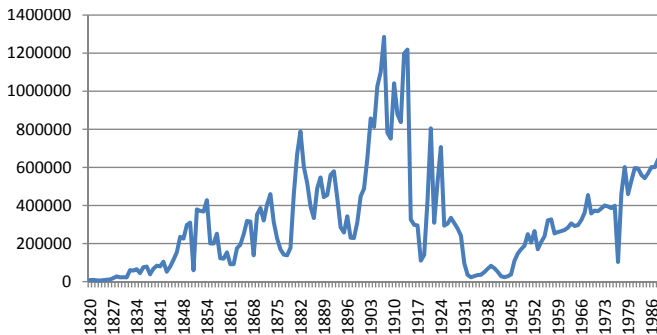


Immigration and the Demographics of the United States

Number of immigrants entering the United States,
1820-1988



The Economic Impacts of Immigrants

- So levels of immigration were incredibly large historically
- Many of these immigrants were pushed by poor economic conditions in their home countries
- Many were pulled by the promise of good economic conditions in the United States
- But what influence did the immigrants themselves have on economic conditions?
- Clearly they increased the size of the labor force, but that isn't the only way they impact the economy

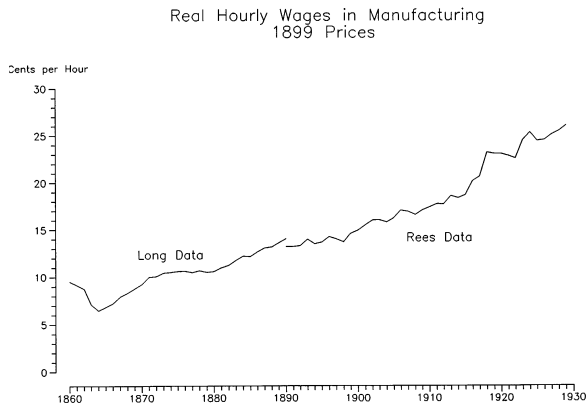
Immigration and the Capital-Labor Ratio

- Immigrants add to the stock of labor in the US but not the stock of human capital
- This would imply that immigrants lead to a decrease in the capital-labor ratio
- Less capital per worker makes capital relatively more productive/valuable and labor relatively less productive/valuable
- So we could see the price of capital rise and the price of labor fall

Immigration and the Capital-Labor Ratio

- In the modern economy, estimates put the gain to native capital owners at 2% of GDP and the loss to native workers at 1.9% of GDP
- Why might this be different historically?
 - Immigrants were often capital owners (self-employed farmers, shop owners, or manufacturers)
 - Workers owned capital assets through insurance policies (basically pension funds)
 - It seems that the influx of immigrants did not lead to lower capital per worker

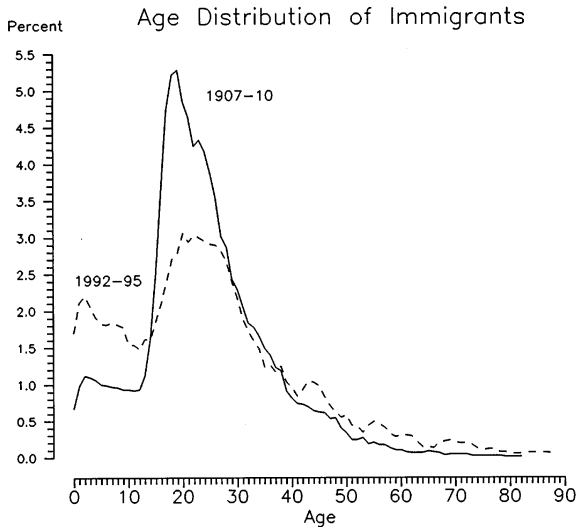
Immigration and the Capital-Labor Ratio



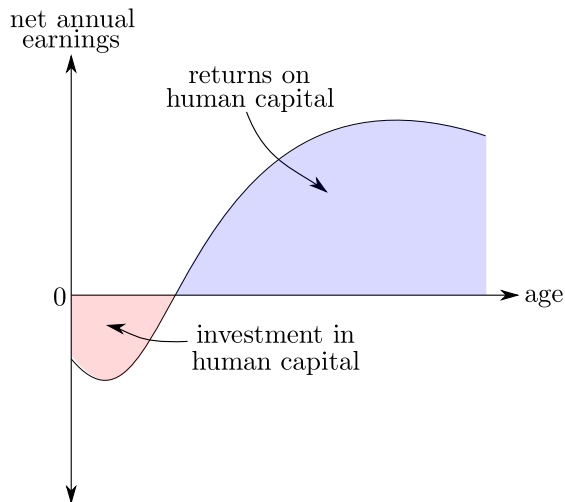
Immigration and the Human Capital Stock

- Immigrants weren't just additional workers identical to domestic workers
- They were typically young adults who had already made investments in human capital
- They also had a higher labor force participation rate
- These characteristics increased their contribution to American economic growth

Immigration and the Human Capital Stock



Immigration and the Human Capital Stock



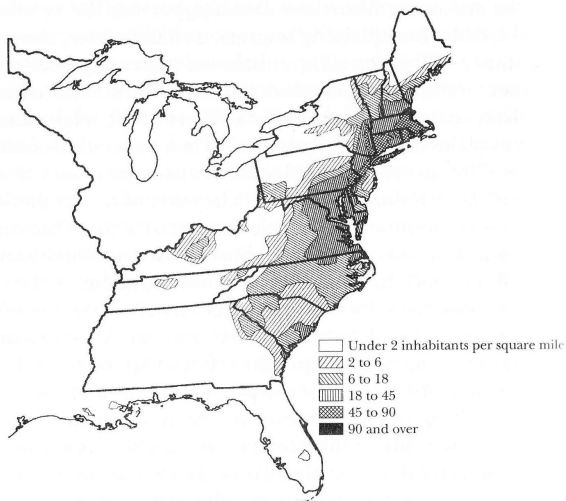
Immigration and the Human Capital Stock

- Other countries took care of the costly investment in human capital (the costs of caring for and educating children)
- America received the benefits of that investment without having to pay for it
- Neal and Uselding calculated the benefits of being able to use those resources that would have been needed for human capital investment on physical capital investment instead
- Their estimates, immigration contributed as much as 9% of the capital stock in 1850 and up to 42% by 1912

Internal Migration

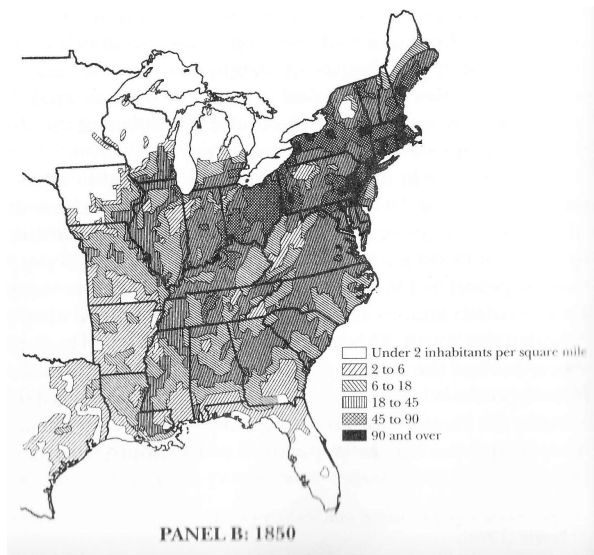


Internal Migration

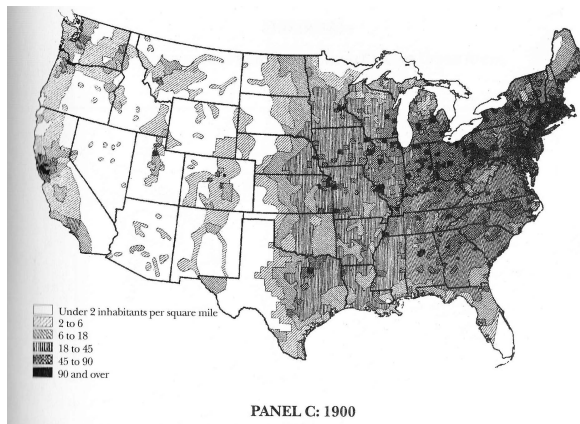


PANEL A: 1790

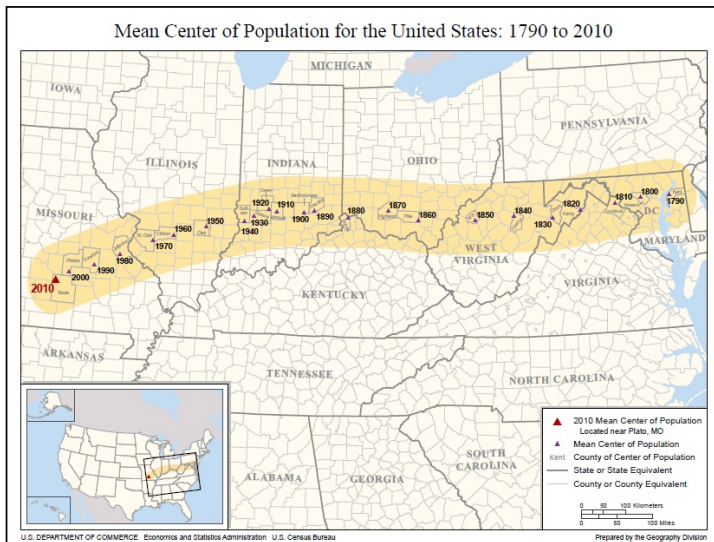
Internal Migration



Internal Migration



Internal Migration



Internal Migration

RSC

PROOF REQUIRED UNDER HOMESTEAD ACTS MAY 20, 1862, AND JUNE 21, 1866.

WE, *Joseph Graff* *Samuel Kilpatrick* do solemnly *swear*
that we have known *Daniel Herman* for *over five* years last past; that he
is *head of a family* consisting of *wife* and *two*
children and is — a citizen of the United States; that he is an inhabitant
of the *Sp. of Wm. & N. W. 1/4 of Sec. 26* of section No. *26* in
Township No. *4 N* of Range No. *5 E* and that no other person resided upon the
said land entitled to the right of Homestead or Pre-emption.

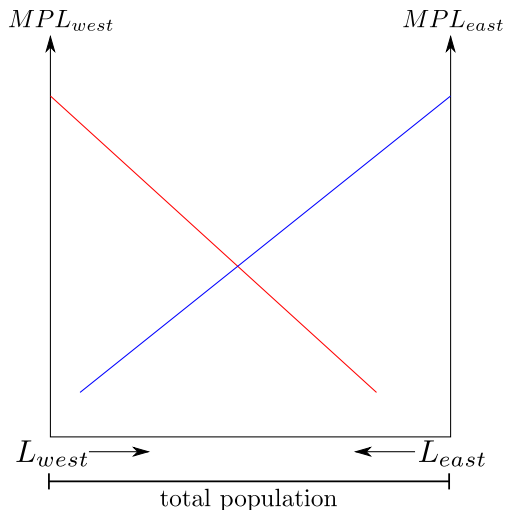
That the said *Daniel Herman* — entered upon and made settlement
on said land on the *1st* day of *January*, 1868, and has built a house
thereon *part log & part frame 14 by 20 feet one story with two doors*
1000 windows. Shingle roof board floor and is a comfortable house
to live in

and has lived in the said house and made it his exclusive home from the *1st* day of
January, 1868, to the present time, and that he has since said settlement ploughed,
fenced, and cultivated about *30* — acres of said land, and has made the following improvements
thereon, to wit: *built a stable, a sheep shed 100 feet long*
corn crib, and has 40 apple and about 400
peach trees set out. *Enough grass*

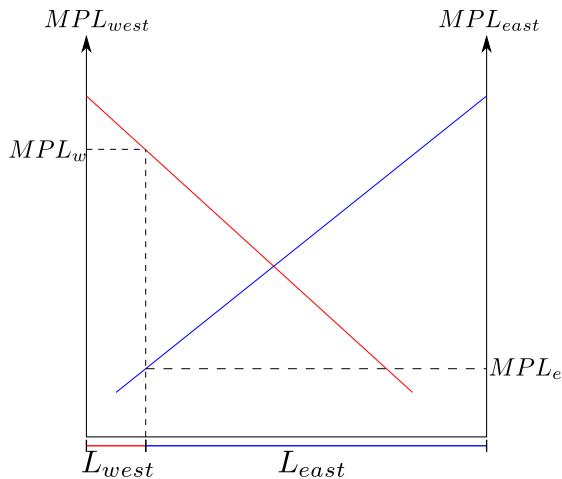
I, *Samuel Kilpatrick*
1. *Henry M. Atkinson* *Register* do hereby certify that the above affidavit was
taken and subscribed before me this *20th* day of *January*, 1868
Henry M. Atkinson
Register

WE CERTIFY that *Joseph Graff* *Samuel Kilpatrick* whose names
are subscribed to the foregoing affidavit, are persons of respectability.
Henry M. Atkinson, Register.
Josh. Carson, Recorder.

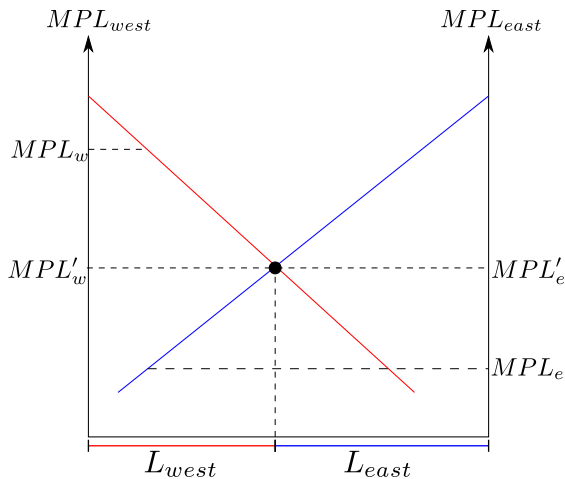
Why Encourage Westward Migration?



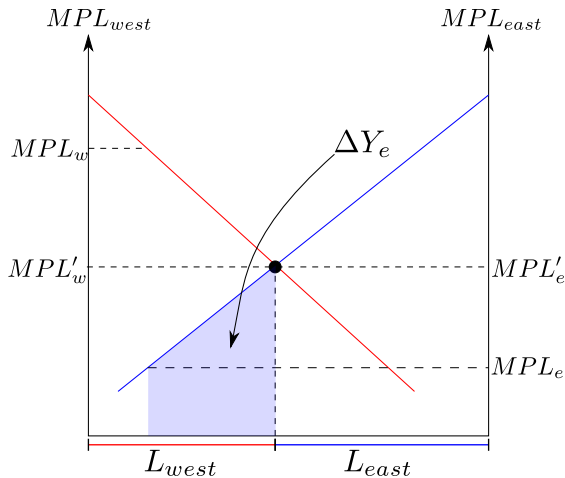
Why Encourage Westward Migration?



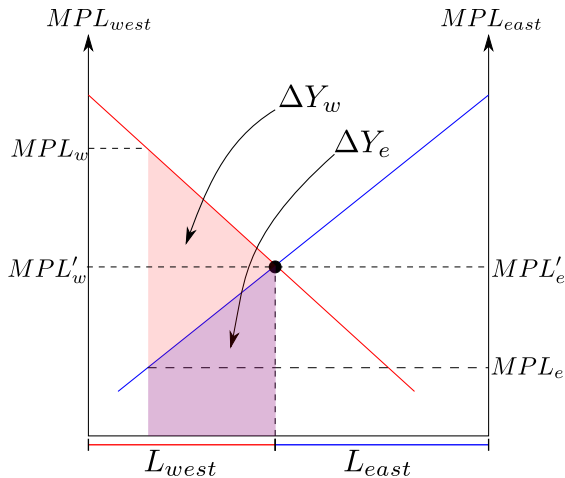
Why Encourage Westward Migration?



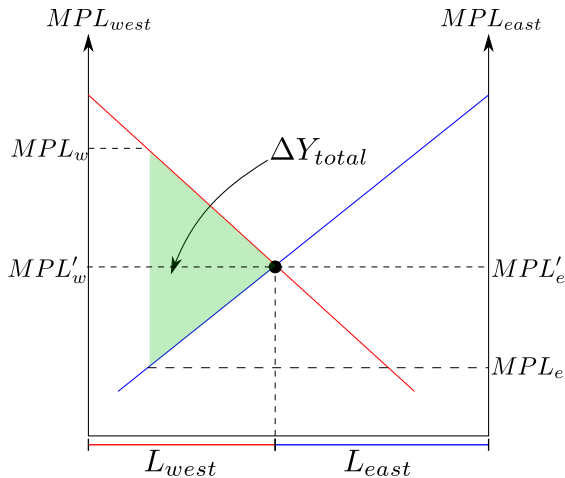
Why Encourage Westward Migration?



Why Encourage Westward Migration?

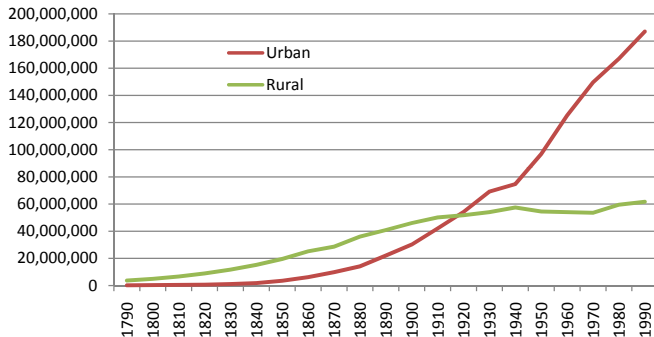


Why Encourage Westward Migration?



Internal Migration

US Urban and Rural Populations, 1790-1990



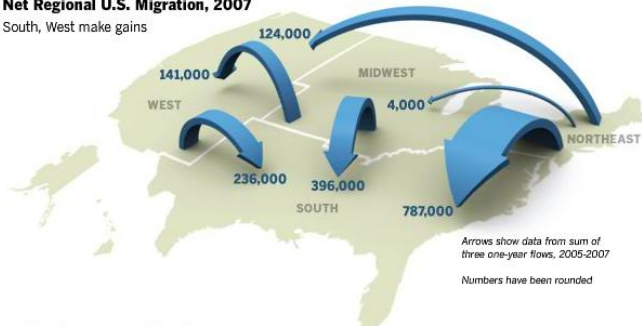
Historical Internal Migration

- The biggest trend in internal migration was the spread of the population westward
- The spread west was encouraged by the availability of land, higher potential incomes, and government programs (for example, the Homestead Act)
- In addition to the trend of people moving west, a strong trend in internal migration has been rural to urban migration
- Internal migration in general was driven by job opportunities, higher incomes, land availability, distance, and the similarity of new locations to old ones
- Over time, income and job opportunities have become more important in explaining migration flows, land availability has explained less and less

Internal Migration

Net Regional U.S. Migration, 2007

South, West make gains



Internal Migration



Generated from <http://www.pewsocialtrends.org/2008/12/17/u-s-migration-flows/>

Internal Migration



Generated from <http://www.pewsocialtrends.org/2008/12/17/u-s-migration-flows/>

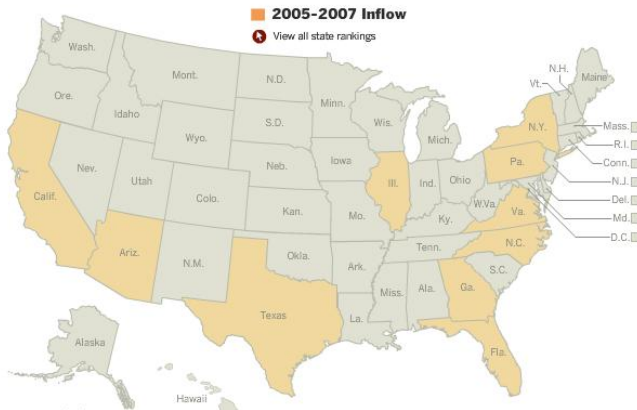
Modern Internal Migration

- There is still a significant amount of internal migration in the United States
- People move for jobs, for education, cost of living considerations, etc.
- The historical flow of people out of rural areas has continued (to the extent that a new Homestead Act has been proposed)
- Internal migration has serious consequences for local economies (issues of brain drain, housing bubbles, etc.)

States with greatest inflow of people

Top 10 States Receiving the Most Residents From Other States

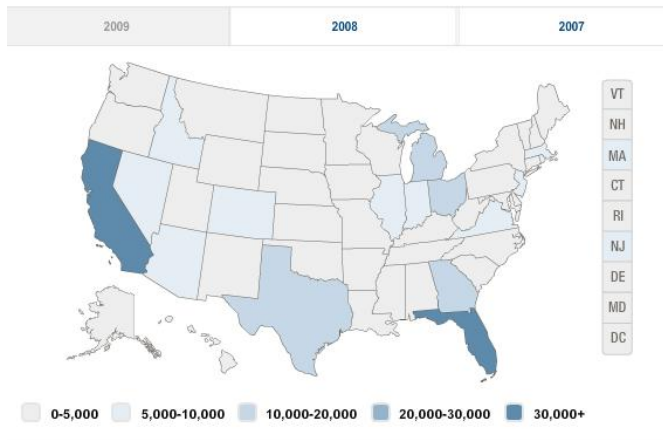
Click on a highlighted state to view inflows from other states.



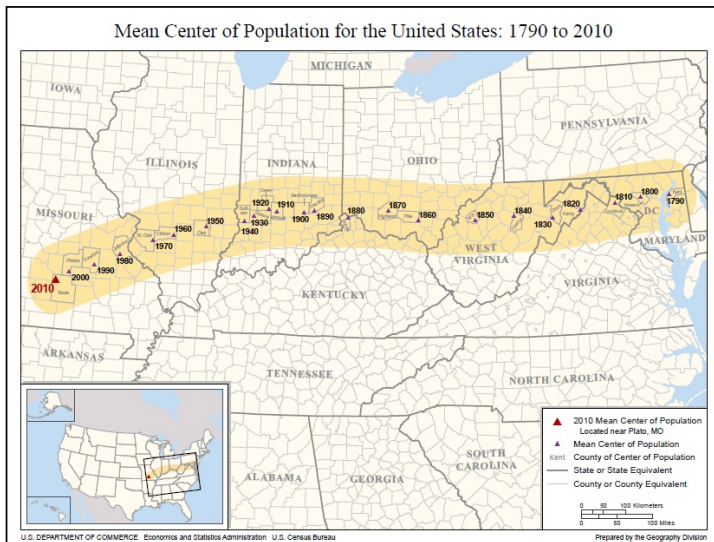
Foreclosures by state, 2009

U.S. foreclosures by state

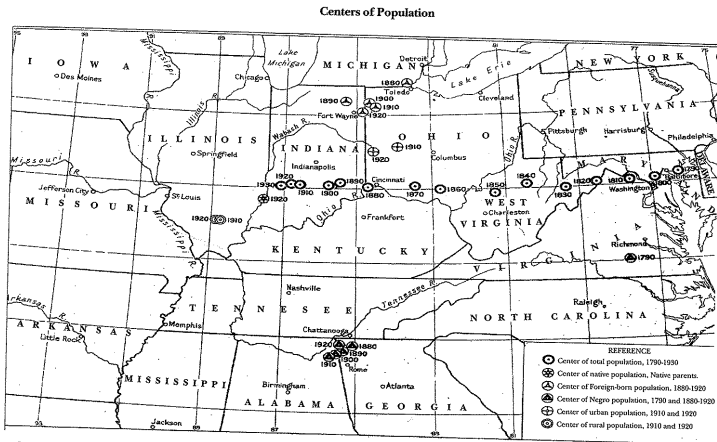
There were more than 2.9 million home foreclosures in the U.S. in 2008. The maps below show the state-by-state numbers of foreclosures in 2007, 2008 and through the end of January 2009.



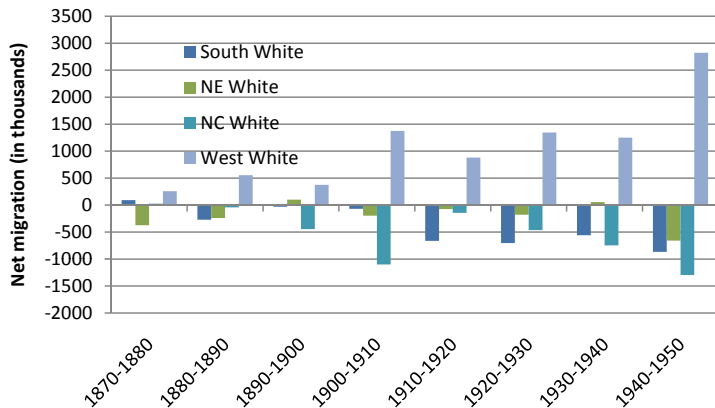
Race and Internal Migration



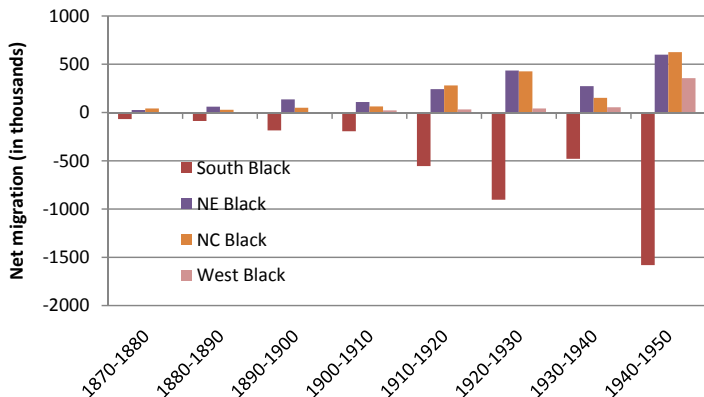
Race and Internal Migration



Internal Migration of the White Population



Internal Migration of the Black Population



Race and Internal Migration

- Once again, the economic history of the black population looks quite different than that of the white population
- The black population went through a dramatic period of internal migration known as the Great Migration
- After emancipation, blacks did not immediately leave the South despite poor economic conditions
- Between 1870 and 1910, only 535,000 blacks left the South
- Between 1910 and 1940, 3.5 million blacks left the South
- In 1900, 4.3% of blacks born in the South lived outside of the South, by 1950 it's 20.4%

Why Was Black Migration Delayed?

Relative Wage Levels by Region, 1870-1898

	1870-74	1875-79	1880-84	1885-89	1890-94	1895-98
Northeast	100	100	100	100	100	100
Midwest	122.5	128	126.3	121.8	121.2	120.5
West	146.2	147.5	131.8	129.6	122.6	122.9
South	97.2	102	97.2	96.5	96.9	96.3

Why Was Black Migration Delayed?

Relative Wage Levels by City 1870-1898

	1870-74	1875-79	1880-84	1885-89	1890-94	1895-98
New York	100	100	100	100	100	100
Chicago	123.1	118.7	117.5	120	123	126.9
Philadelphia	94.7	92	84.4	86.1	85.9	86.2
Richmond	85.6	87.9	81.2	81	81.7	80.6

Why Was Black Migration Delayed?

Term of Occupancy of Share Tenants, 1910

Years on farm	South Atlantic		East South Central	
	White	Black	White	Black
Less than 1	37.9%	33.9%	45.6%	39.9%
1 year	17.8	17.4	17.8	15.9
2-4 years	28.1	31.5	24.8	28.1
5-9 years	10.0	10.5	7.5	9.7
10 years and over	6.2	6.6	4.1	6.2

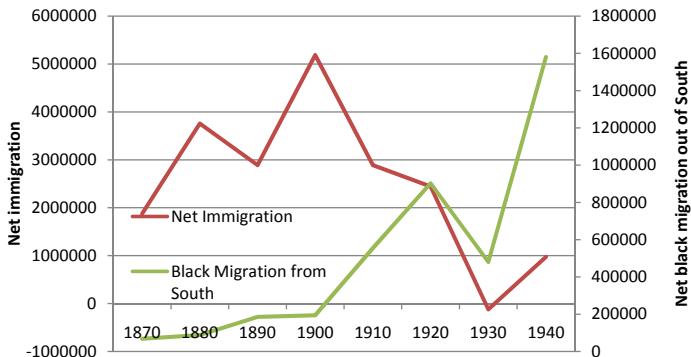
Why Was Black Migration Delayed?

- It doesn't look like Southern blacks were particularly averse to moving
- There is evidence of a fair amount of movement within the South
- Average wages and job opportunities certainly seemed better in the Northern cities
- Eventually, blacks would move to take advantage of those economic opportunities
- So why the 50 year delay?

Why Was Black Migration Delayed?

- One possible explanation is the influence of immigration
- From emancipation up until the early 20th century, there were large flows of immigrants into Northern cities
- More immigrants could do two things to the economic prospects of blacks:
 - Drive down wages by increasing overall labor supply
 - Decrease the probability of getting a job if white Europeans were preferred by employers to blacks
- When the flow of immigrants declines, the levels of black migration rise

Why Was Black Migration Delayed?



Why Was Black Migration Delayed?

W. COLE, No. 8 Ann-st.

GROCERY CART AND HARNESS FOR SALE—In good order, and one chestnut horse, 8 years old, excellent saddle horse; can be ridden by a lady. Also, young man wanted, from 16 to 18 years of age, able to work. No Irish need apply. **CLUFF & TUNIS**, No. 270 West 11th-st., corner of Myrtle-av., Brooklyn.

BILLIARD TABLE FOR SALE—Of Leona manufacture; been used about nine months. Also, furniture of a Bar-room. Inquire on the premises. No.

Classified ad in The New York Times, March 25, 1854

Why Was Black Migration Delayed?

