

Immigration is beneficial to economies, even after 100 years

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A new study in the *Review of Economic Studies* finds that U.S. counties with more historical immigration have higher incomes, less poverty, and lower unemployment today.

An important issue in current American political discourse is the effect that immigrants have on the communities in which they settle. While this topic has received significant attention, the focus has generally been on the short-term effects of immigrants. We know much less about the long-run consequences of immigration.

Researchers studied the effects of immigration into the United States from 1850 to 1920, a period in which immigration to the country increased dramatically, and the immigration sources also changed. In 1850 over 90% of foreign-born people living in the United States were from Great Britain, Ireland, or Germany. By 1920, this figure was only 45%.

The authors found that immigration resulted in benefits that were felt soon after their arrival. Immigration resulted in more and larger manufacturing establishments, greater agricultural productivity, and higher rates of innovation. These findings are consistent with a long-standing narrative suggesting that immigrants contribute to [economic growth](#) by providing an ample supply of unskilled labor, as well as a smaller supply of skilled people, who bring with them knowledge and innovations that are important for development.

The size of the effects suggest that increasing the percentage of immigrants in a county by 4.9% results in a 13% increase in average per

capita income today, a 44% increase in average manufacturing output per capita from 1860-1920 (and a 78% increase in 1930), a 37% increase in farm values, and a 152% increase in the number of patents per capita.

The researchers also found that these economic benefits did not have long-run social costs. Places with more historical [immigrant](#) settlement today have similar levels of social capital, [civic participation](#), and [crime rates](#).

"What is fascinating is that despite the exceptionalism of this period in US history," said the paper's lead author, Sandra Sequeira. "There are several important parallels that one could draw between then and now: the large influx of unskilled labor, the small but important inflow of highly skilled innovators, as well as the significant short-run social backlash against immigration. There is much to be learned from taking a longer perspective on the immigration debate."

More information: Immigrants and the Making of America, *Review of Economic Studies* (2019). [DOI: 10.1093/restud/rdz003](https://doi.org/10.1093/restud/rdz003)

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