Immigration quotas and immigrant selection

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Abstract

Several factors influenced the composition of migrants in the early 20th century, including World War I, the Literacy Act of 1917, and the implementation of strict immigration quotas. This paper examines whether the United States' first immigration quota, established under the Emergency Immigration Act of 1921, affected migrant selection. The Emergency Immigration Act of 1921 severely capped the number of admittable migrants by nationality. Canadian migrants, or any migrants who resided in Canada for five consecutive years, were unrestricted by the quota and could freely migrate to the U.S. Using transcribed ship records from states bordering Canada (specifically New York, Alaska, and Washington), I compare the skills of restricted migrants to the skills of unrestricted Canadian migrants, before and after establishment of the 1921 quota. Difference-in-differences estimates indicate that the quota resulted in migrants of higher skill.
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1. Introduction

Immigrant skill-based selection affects whether immigrants compete with or complement native workers as well as how quickly immigrants assimilate. Consequently, understanding the effect of immigration restrictions on migrant selection is important for predicting their effect on the domestic economy. Despite widespread use of quotas to control immigration since the 1920s, little is known about how quotas influence the composition of migrants, particularly with respect to labor market characteristics such as skill. This paper thus examines the effect of a very early restriction on U.S. immigration, the 1921 immigration quota, on the selection of incoming

migrants using individual-level data collected from archived ship manifests and border-crossing forms. Prior to the turn of the century, U.S. immigration was largely unrestricted. A combination of the mid-1890s depression, World War I, the short and severe recession that followed the war, and the perceived ineffectiveness of the 1917 Literacy Act led to increased public support for greater restrictions on immigration (Goldin, 1994). Policy makers responded with the 1921 Emergency Immigration Act, which restricted the number of aliens allowed entry to 3% of each nationality resident in the U.S. in 1910.

There are several reasons to believe that the Emergency Immigration Act of 1921 would alter the characteristics of those who chose to migrate. First, if some countries generally tended to send higher skilled

migrants, and if the quota resulted in changes in the national origins mix of incoming migrants, then the average skill level of migrants would have changed. Second, changes in selection would occur within source countries due to changing migration costs. If the quotas were binding, they likely induced competition amongst migrants seeking entry into the U.S. This affects both the monetary and psychological costs of migrating, which would, in turn, affect migrant selection.

Previous studies examining immigration quotas focused on the political economy of passage of early twentieth century quota laws (Goldin, 1994; Timmer and Williamson, 1998; Hatton and Williamson, 2006) or on the effects of lottery-type quotas implemented in the latter half of the twentieth century (Shimada, 2011; Canto and Udwadia, 1986; Mayda, 2006). One exception is Greenwood and Ward (2015). In their examination of forces affecting emigration rates in the early 20th century using aggregate administrative data, they find the 1921, 1924 and 1929 quotas decreased emigration rates, particularly for unskilled occupations. However, they find these quotas increased the duration of time that return migrants spent in the U.S. before returning. I build upon this work by isolating the effect of the 1921 quota on migrant selection of entrants using individual-level data that allow for construction of an unrestricted control group, comparisons within countries, and more refined measures of migrant skill.

My analysis compares reported occupations of immigrants arriving before and after implementation of the 1921 quota. Due to a number of factors that may have simultaneously affected immigration (most notably the Literacy Act of 1917), I construct a comparison group of Canadian-born migrants and foreign-born Canadian citizens to control for other forces affecting the selection of migrants during this period. Canadian migrants were under the same constraints imposed by the Literacy Act, but were unrestricted by the quota; therefore, they provide a natural comparison group for restricted migrants.

I analyze migration through states that have both port and border entry points to capture both restricted migration flows and unrestricted migration through Canada. The data include samples from Pacific and Atlantic entry points. This allows investigation of the effect of the quota on two different migration flows whose selection mechanisms may have responded differently to the quota. I draw the eastern data from New York, producing a sample of Ellis Island arrival records from 1918 to 1924 in addition to a sample of border crossings through Buffalo, Lewistown, Niagara Falls, and Rochester. The western data consist of all alien arrivals through Seattle from 1920 to 1922 and arrivals through border posts and ports in Alaska and

Washington from 1917 to 1924. These data capture European migrants who chose western points of entry and departed from a variety of ports in countries including Australia, Canada, China, Japan, and New Zealand.[1] The immigrant ship manifests and border arrival forms recorded birthplace, citizenship, and last permanent residence, enabling identification of migrants restricted and unrestricted by the quota. Comparisons across restricted and unrestricted migrant groups, before and after the law change allow for a difference-in-differences approach.

Difference-in-differences results indicate the median occupation-based income of migrants in both regions increased as a result of the 1921 Emergency Immigration Act. I also break down reported occupations into unskilled, low-, medium-, and high-skilled categories, using the Historical International Standard Classification of Occupations (HISCO) to facilitate cross-country comparisons of reported occupations. My estimates reveal that, after implementation of the quota, there was a statistically significant increase in the probability that a migrant arriving via New York was medium-skilled and that a migrant arriving via Alaska or Washington was high-skilled. Regressions with country of birth fixed effects show the majority of the variation used to identify these affects occurred within countries. This suggests immigrants were more positively selected within their country of origin as a result of the quota, rather than as a result of a more general shift towards origin countries where migrants had always been higher skilled.

2. The Emergency Immigration Act

Prior to World War I, "new" migrants from Southern and Eastern Europe became an increasingly large proportion of the immigrant flow, while the number of "old" migrants (from Western Europe) remained relatively constant.[2] Despite a sharp drop in immigration

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[1] The Canadian Pacific Railway provided a route from the Atlantic Coast to the West through British Columbia and the Trans-Siberian Railway provided a method to travel from Europe to the Pacific. As early as the 1880s, ocean steamer companies had direct communication with Canadian Pacific Railroad and Washington ports to provide transport from British Columbia to Washington (Strahorn, 1888). Appendix Table 1 shows the departure ports for migrants arriving in Seattle in January 1923. This table shows that China, Japan, and Canada were the most common departure points for migrants arriving in Seattle.

[2] "Old" migrants were from Ireland, the United Kingdom, France, Germany, Norway, Sweden, Denmark, Netherlands, Switzerland, Belgium and Luxemburg. "New" migrants were from Czechoslovakia, Greece, Italy, Russia, Armenia, Bulgaria, Serbia, Montenegro, Croatia, Lithuania, Poland, and Bosnia.