
The Immigration Problem

Then and Now



RICHARD VEDDER, LOWELL GALLAWAY,
AND STEPHEN MOORE

The historian Arthur Schlesinger, Jr., once remarked, “Let us take care to avoid the fallacy of self-pity that leads every generation to suppose that it is peculiarly persecuted by history” (Schlesinger 1983, 228). He could have been speaking about the immigration problem. In America today, many are guilty of the fallacy of self-pity: they choose to assume that, somehow, today’s immigrants present vastly more difficult problems than previous immigrants did. For example, Peter Brimelow (1995) argues:

There is a sense in which current immigration policy is Adolf Hitler’s post-humous revenge on America. The U.S. political elite emerged from the war passionately concerned to cleanse itself from all taints of racism or xenophobia. Eventually, it enacted the epochal Immigration Act (technically, the Immigration and Nationality Act Amendments) of 1965. And this, quite accidentally, triggered a renewed mass immigration, so huge and so systematically different from anything that had gone before as to transform—and ultimately, perhaps, even to destroy—the one unquestioned victor in World War II: the American nation, as it had evolved by the middle of the twentieth century. (xv)

Richard Vedder and **Lowell Gallaway** are each Distinguished Professor of Economics at Ohio University; **Stephen Moore** is director of fiscal policy studies at the Cato Institute.

The Independent Review, v.IV, n.3, Winter 2000, ISSN 1086-1653, Copyright © 1999, pp. 347–364

The Immigrant as a “Problem” in Historical Perspective

Brimelow’s fear that modern immigration might “destroy” America is hardly a new apprehension. Generations ago, a noted scholar of immigration history opined:

By long established custom whoever speaks of immigration must refer to it as a “problem.” It was a problem to the first English pioneers in the New World scattered up and down the Atlantic coast. Whenever a vessel anchored in the James River and a few score weary and emaciated gentlemen, worn out by three months upon the Atlantic, stumbled up the bank, the veterans who had survived nature’s rigorous “seasoning” looked at one another in despair and asked: “Who is to feed them? Who is to teach them to fight the Indians, or grow tobacco, or clear the marshy lands and build a home in the malaria-infested swamps? These immigrants certainly are a problem.” (Hansen 1938, 5)

Colonial writings support Hansen’s observation. One publication of the pre-Revolutionary era, referring to current immigrant arrivals, calls them “the dregs, the excrescence of England” (Rossiter 1953, 150), a characterization that had some validity, for perhaps as many as 40,000 convicts were sent from England to America during the eighteenth century. That fact prompted Samuel Johnson’s derisive description of the colonial population as “a race of convicts . . . [who] ought to be content with anything we allow them short of hanging” (Boswell 1904, 560). Concern about immigrant quality led to anti-immigrant legislation in several colonial assemblies.

After the Revolution, the story is much the same. During the presidency of John Adams, the antipathy toward foreigners was inflamed by a controversy with France and by Federalist fears that the horrors of the French Revolution would be repeated in the United States if Jefferson’s party took control of the government.¹ Hence the passage in 1798 of the Alien and Sedition Acts, which invested the president with the authority to imprison or expel from the United States any alien he considered “dangerous to the peace and safety of the United States” and any alien he had reasonable grounds to suspect of being “concerned in any treasonable or secret machinations against the government” (*Annals of Congress* 1851, 3744–45). Although the Alien and Sedition Acts were short-lived, the controversy surrounding the foreign-born continued.

Less than a generation later, a New York City charitable organization complained about immigrants as follows:

They are frequently found destitute in our streets; they seek employment at our doors; they are found in the alms-house, and in our hospitals; they are

1. Illustrating the depth of feelings on this issue, Timothy Dwight predicted in a Fourth of July speech that if Jefferson were elected, “our wives and daughters . . . would . . . become . . . the victims of legal prostitution, soberly dishonored, speciously polluted” (quoted in Lorant 1952, 48).

found at the bar of our criminal tribunals, in our bridewell, our penitentiary, and our state prison. And we lament to say, that they are too often led by want, by vice, and by habit, to form a phalanx of plunder and depredation, rendering our city more liable to the increase of crimes, and our houses of correction more crowded with convicts and felons. (Abbott 1926, 559–63)

In the 1830s, the pace of immigration began to accelerate markedly, averaging about 60,000 per year. By the 1850s it had risen to 260,000 per year. That surge shifted immigration from “problem” to “crisis.” Predominant among the increased immigration flows from 1830 to 1860 were two nationalities, Irish and German, who accounted for a large majority of the almost 5 million foreigners who entered the United States in those three decades.²

The substantial Irish immigration, with its unusual locational preferences, became a subject of special concern, even for some Irish. Thomas D’Arcy McGee (1852), for one, was troubled by what he regarded as the extraordinary attraction of city life for the Irish immigrants. He worried that urban life in America was alienating the immigrants from their religion, causing the children to lose respect for the traditions of the Irish family and generally producing a life of poverty. Native-born Americans regarded the Irish as substantial contributors to high rates of crime and pauperism and as perhaps unsuited for life in American society, especially in the cities.³ As George Templeton Strong recorded in his diary, “Our Celtic fellow citizens are about as remote from us in temperament and constitution as the Chinese” (quoted in Nevins and Thomas 1952, 348).

A complicating factor in the case of Irish immigrants was their Roman Catholicism. That, as much as anything, probably served to make them the central focus of a rising tide of nativist sentiment. One of the earliest expositors of anti-Irish, anti-Catholic sentiments was Samuel F. B. Morse (1835), whose tract on the “dangers” of immigration incorporated a strong attack on Catholicism.⁴ Almost in lockstep with the increasing volume of immigration came further expressions of worry about the foreign element in the United States.⁵ The combination of anti-foreign and anti-Catholic attitudes crystallized in the form of the American (Know-Nothing) Party, which showed substantial strength in the elections of 1854 (Haynes 1897). In the

2. The Irish made up 28 percent of total immigration, the Germans 31 percent.

3. For some contemporary negative characterizations of the Irish, see Busey 1856.

4. For an excellent treatment of these issues, see Billington 1974.

5. For example, see Busey (1856, 96), who quotes Andrew Jackson as arguing, “It is time that we should become a little more Americanized, and instead of feeding the paupers and laborers of England, feed our own; or else, in a short time . . . we should be paupers ourselves.” That statement is remarkably similar to some recent statements of former California Governor Pete Wilson.

presidential election of 1856, it offered the slate of Millard Fillmore and A. J. Donelson and adopted a platform that declared, “Americans must rule America; and to this end native-born citizens should be selected for all state, federal, and municipal offices of government employment, in preference to all others.” The party proposed “a change in the laws of naturalization, making a continual residence of twenty-one years . . . an indispensable requisite for citizenship” (McKee 1906, 101–2). The Fillmore-Donelson ticket received more than 20 percent of the popular vote in the 1856 election. That represented the high tide of the movement, however, as American political debate became increasingly focused on slavery.

A generation later, however, Americans fretted about the Chinese “problem.” The immediate result was the passage of the Chinese Exclusion Act in 1882. The act itself was an important departure for American society, but it was merely an introduction to a long series of hostilities and prohibitions. Anti-immigrant feeling, focused first on the Irish and then on the Chinese, shifted toward the so-called “new” immigrants from eastern, southern, and central Europe. Before 1880, Italian immigrants had never amounted to as many as 9,000 in a year, but in the first decade of the twentieth century, they exceeded 200,000 in five different years. A similar explosion occurred in immigration from Russia, the Baltic States, and other countries of southern and central Europe.

The impact of the rising tide of new immigration can be seen clearly in the evolution of the immigration planks of the major political party platforms. Starting in 1876 with opposition to Chinese immigration, the parties quickly broadened the scope of their attacks against the foreign-born. By 1884, the Republicans “denounce[d] the importation of contract labor, whether from Europe or Asia” (McKee 1906, 212), while the Democrats spoke of foreign labor and servile races in general. Eight years later, references may be found to the United States “being used as the dumping ground for the known criminals and professional paupers of Europe” (266), and in 1896 both parties supported general immigration restriction in order to protect American labor.⁶

Serving as an intellectual foundation for the anti-immigrant sentiments of the end of the century was the argument that American institutions could be directly traced to Teutonic origins in Europe. That theme was advanced by Herbert Baxter Adams (1882), among others. By the end of the century it had become a dominant element in the thinking of many American scholars and popular writers.⁷ The Teutonic thesis suggested that American institutions might be compatible only with immigrants of Teutonic (Anglo-Saxon or Germanic) origins. A typical expression of

6. After 1896, the major parties became much less vocal on the immigration issue, probably because the immigrant vote had become sufficiently large to make it profitable for the parties to woo their support.

7. In addition to Adams 1882, see Hosmer 1890 and Fiske 1885. For more on the Teutonic hypothesis, see Saveth 1948, Solomon 1956, and Higham 1955.

the Teutonic attitude is that of John W. Burgess, who, contrasting the latter-day immigrants with those who arrived earlier, stated:

So long as this immigration was confined to comers of the Teutonic races . . . everything went well. . . . But now we are getting a very different sort—Slav, Czechs, Hungarians. . . . They are inclined to anarchy and crime. . . . They are, in everything which goes to make up folk character, the exact opposite of genuine Americans. It remains to be seen whether Uncle Sam can digest and assimilate such a morsel. (Burgess 1934, 397).

Not all interpreters of the American scene accepted the Teutonic thesis (Channing 1884; Adams 1892; Osgood 1889). Opposed to it was the competing “melting pot” proposition, which maintained that immigrants adapted to and interacted with American institutions so as to become “fused into a mixed race, English in neither nationality nor characteristics” (Turner 1961, 51).⁸ A glowing statement of the melting-pot hypothesis was given by Woodrow Wilson:⁹

This great continent, received European population, European manners and faiths, European purposes into its forests, and, finding they mean to stay, proceeded to work its will upon them. They took on a new character, and submitted to a new process of growth. Our continental life is a radically different thing from our life in the old settlements. Every element of the old life that penetrated the continent at all has been digested and has become an element of a new life. It is this transformation that constitutes our history. (Wilson 1893, 495–96)

The two divergent hypotheses—Teutonism and the melting pot—contained the very essence of the immigration controversy: the question of the capacity of American society to absorb and assimilate the disparate nationalities flowing into the United States. In 1900 the Teutonists were clearly in ascendancy. It was increasingly common for political leaders to speak as Senator Albert T. Beveridge did:

God has not been preparing the English-speaking and Teutonic peoples for a thousand years for nothing but vain and idle self-admiration. No! He has made us the master organizers of the world to establish system where chaos reigns. . . . He has made us adept in government that we may administer government among savages and senile people. (quoted in Bowers 1932, 131)

8. The idea of a melting pot was old. More than a century earlier, Michel-Guillaume Jean de Crèvecoeur ([1782] 1925) wrote, “Here individuals of all nations are melted into a new race of men.” The precise term “melting pot” is attributed to Israel Zangwill. On this development, see Wohlgeleitner 1964 or Adams 1971.

9. See, however, Wilson 1902 for a less charitable assessment of immigrant assimilation, at least as it applies to the “new” immigrants.

Early in the twentieth century, the anti-immigration forces became more vocal, and their demands began to be at least partially satisfied through the legislative process.¹⁰ In 1903 a two-dollar head tax upon immigrants was inaugurated, and in 1907 that tax was raised to four dollars and an extended list of excluded classes of aliens adopted. In 1907 Congress established a commission to study the impact of immigration on the nation. That body, the United States Immigration Commission (or Dillingham Commission, after Senator William P. Dillingham), produced a forty-two-volume report in 1911, much of which reflected the thought of Jeremiah Jenks, an industrial expert appointed to the commission by President Theodore Roosevelt. Its most significant recommendation was that a literacy test be adopted to determine the eligibility of immigrants for admission to the United States.

Nonetheless, at that time the advocates of immigration restriction had accomplished relatively little, despite considerable popular support for restrictive legislation.¹¹ In fact, in one critical respect they had lost ground. Whereas in 1896 both the Republican and Democratic Parties had adopted anti-immigration stances, in the election of 1912 the various parties competed strenuously to capture the immigrant vote.¹² Evidently, political leaders perceived that more votes would be gained by taking a pro-immigrant position than by campaigning on an anti-immigrant platform.¹³

After 1912, anti-immigration groups, such as the Immigration Restriction League, accelerated their attack; in 1917, assisted by the increase in anti-foreign sentiment associated with World War I, they punctured the resistance of the pro-immigration groups. The immigration act of that year (enacted over President Wilson's veto) again doubled the head tax, to eight dollars, and, more important, codified the Dillingham Commission recommendation for a literacy test to determine immigrant eligibility for entry into the United States. Once the dam had been broken, the anti-immigration tide flowed strongly: in 1918, the Anarchist Act was passed; in 1921, the first nationality quotas were instituted for European countries (set at 3 percent of the foreign-born population of a given nationality as of the 1910 census); and, in 1924, the quotas were made even more restrictive, especially for new immigrants, by reducing them to 2 percent of the nationality's foreign-born population as recorded in the census of 1890, a time when the United States had far fewer foreign-born residents from the countries of origin of

10. One of the chief voices of anti-immigration sentiment was the Immigration Restriction League of Boston, founded in 1894 by Charles Warren, Prescott F. Hall, and Robert DeCoursey Ward. See Solomon 1956, 102–11.

11. John Higham (1955) attributes this lack of results to a low intensity of feeling. Well-organized pro-immigrant groups were therefore able to stymie advocates of immigration restriction.

12. Higham (1955) argues this election was the high point of attempts by the political parties to court the immigrant vote.

13. According to the 1910 census, more than one-third of the American population consisted of immigrants and their children, so the potential number of votes was immense. Operating in the other direction was a decline in alien suffrage. More than twenty states had alien suffrage at one time in the nineteenth century. Arkansas was the last to abandon it, in 1926. See Aylesworth (1931, 114–16) and Sait (1942, 31–36).

the new immigration.¹⁴ With the legislation enacted between 1917 and 1924, the era of relatively unrestricted immigration had finally ended.

Origins of the Modern Immigration “Crisis”

With legislative changes dating from 1965, the United States has retreated substantially from the immigration policies enacted in the first quarter of the twentieth century. With that retreat, and the resulting increase in the volume of immigration, the immigrant has again emerged as a “problem.” Certainly, today’s immigration does not match that of the period around 1900, as a proportion of the resident population. In recent years, annual immigration flows have averaged slightly above 800,000 a year, or roughly 3 per 1,000 Americans. Even counting some illegal entry, the numbers probably do not exceed 1 million annually. By contrast, in the first decade of this century the absolute volume of flows was greater, often exceeding 1 million annually and bringing more than 10 immigrants per 1,000 Americans in most years. Nonetheless, since 1965 the absolute volume of immigration has consistently exceeded the long-term (from 1820 to the present) average of about a thousand a day. As the rate of natural increase (births minus deaths) has slowed substantially, immigration’s share of total population growth has risen to slightly more than one-third, although that overall growth is slow compared with that of earlier times. Nonetheless, with increased international migration, anti-immigrant rhetoric, such as that of Brimelow, has reemerged, and many of the same arguments are being made once more.¹⁵

In recent decades, a profound change has taken place in the distribution of immigrant origins. Europe was the main source of immigration as late as the 1950s. Today, three times as many immigrants come from Asia as from Europe. Immigration from Hispanic America has soared, especially from Mexico. Although the immigrants are not formally classified by race, the proportion of them who are nonwhite has increased. Thus, Brimelow, a modern-day Teutonist (and, ironically, an immigrant himself), complains about the racial origins of immigrants, whereas earlier opponents of immigration worried more about their religion or country of origin within Europe. As in earlier times, intellectuals have formulated clever arguments to suggest that immigration is a “problem.” Although Brimelow, like many nativists of an earlier era, is on the political right, some of the new anti-immigrant sentiment comes from different quarters, including groups associated with the political left. Leon Bouvier, for example, a Tulane University demographer, argues against immigration on essentially

14. After 1929, immigration was set at a yearly total of 150,000, with the quotas based on each nationality’s contribution to the total population in 1920. Reasons for rising anti-immigrant sentiment are discussed in Solomon 1956 and Higham 1955. The Republican platform became harshly anti-immigrant in the 1920 and 1924 elections. See Porter and Jackson 1970.

15. Although anti-immigrant sentiment tended to rise after 1980, it was somewhat sensitive to the business cycle, being higher in times of relatively high unemployment. The prosperity of the mid- and late 1990s led to some moderation in anti-immigrant rhetoric, relative to that voiced earlier in the decade.

environmental grounds, asserting that immigration leads to excessive congestion and pollution (Bouvier 1992; Bouvier and Grant 1994). His work has been promoted by arguably the most influential environmentalist organization, the Sierra Club.

Many of the anti-immigration advocates of the modern era have argued that immigrants impose a huge burden on the American people because they heavily utilize the services of the welfare state. It is argued that modern immigration is different, because earlier immigrants came to the United States before the federal government provided extensive services for lower-income residents. Today's immigrants, it is argued, can and do send their children to an elaborate and expensive system of public education and receive welfare benefits frequently and extensively. Perhaps the most persistent of those asserting this point is Donald Huddle (1996), a retired economics professor at Rice University who has presented estimates that the net burden of immigration on Americans is, as of 1996, \$65 billion annually. Huddle's estimates have been vigorously attacked by other scholars who, in the melting-pot tradition, suggest that on balance immigration has a positive effect on the economy (Fix and Passel 1994; Passel and Clark 1998).¹⁶ Aside from quantitative studies by economists, a number of writers using traditional narrative approaches have defended immigration and the assimilation process (Salins 1997; Ungar 1995).

Taking a somewhat more ambiguous position is the prolific immigration scholar George Borjas. An immigrant himself, Borjas writes extensively for mainstream economic journals and has authored oft-cited books. In his works, Borjas (1990, 1994b, 1998) often echoes an old anti-immigrant refrain, namely, that modern-day immigrants are less skillful and more dependent on welfare than their predecessors. In the "net burden" debate, Borjas (1994a) seemingly refutes the Huddle position promoted by anti-immigrant groups such as the Federation for American Immigration Reform (FAIR) and the Carrying Capacity Network, arguing that immigration has modestly positive net welfare effects, a view seemingly consistent with that of Urban Institute scholars and the late Julian Simon. Yet Borjas frequently seems to argue against his own findings. For example, when the National Academy of Sciences (Smith and Edmonston 1997) released a lengthy report on the economic impact of immigration that suggested, as has Borjas independently, that the overall impact was small but probably positive, Borjas and fellow Harvard economist Richard Freeman (1997) wrote an op-ed piece blasting pro-immigrant groups for putting a positive spin on those findings. Borjas and Freeman emphasized that the short-term costs of immigration are obvious and easily measured, but that the long-term benefits are harder to measure and more sensitive to assumptions made. On balance, it seems that Borjas tries to use his research to support the age-old argument that immigration is a problem, in some cases even when his findings do not explicitly support that interpretation.

16. The most vigorous scientific defender of modern immigration is the late Julian Simon (1989, 1994). See also Chiswick 1994.

Are Recent Immigrants a Burden? A Look at Welfare

Space limitations prevent us from exploring here all aspects of the new wave of anti-immigrant sentiment. We focus on a single (but important) issue, the allegation that immigrants in more recent years have a greater propensity to avail themselves of the benefits of the American welfare system than did earlier immigrants. Borjas (1994), for one, has reached that conclusion, using data collected in the 1990 census. One of the most frequently cited findings from census data is that 9.1 percent of the households headed by a foreign-born resident receive public assistance, compared to only 7.4 percent of the households headed by a native-born resident. Even more dramatic are the data indicating that the proportion of cash public-assistance funds claimed by immigrant households almost doubled between 1970 and 1990, rising from 6.7 percent to 13.1 percent. Borjas makes much of this increase, noting that “the total amount of cash benefits received by immigrant households was 56 percent higher than would have been the case if immigrants used the welfare system to the same extent as natives” (Borjas 1994b, 1705). He measures what he calls the overrepresentation of immigrants on the welfare rolls by calculating the ratio of the percentage of cash benefits received to the percentage of households with an immigrant head. Such calculations suggest that immigrants have been availing themselves of the resources of the welfare system to an increasing extent. In 1990, immigrants accounted for 8.4 percent of all heads of households. In 1970, when 6.8 percent of all households were headed by immigrants, they claimed, according to Borjas, only 6.7 percent of all cash public assistance benefits, which suggests that they were slightly underrepresented on the welfare rolls. Much has been made of this comparison by Brimelow (1995), who believes it indicates that more recent immigrants are very disproportionately using the welfare system as a means of support.

Borjas’s data seem simple enough. However, there are problems with both his calculations and their interpretation. First, his assumption that earlier immigrants were modestly underrepresented as recipients of public welfare is incorrect. The problem is his use of the household as a unit of measurement. In 1970, when immigrants accounted for 6.8 percent of all *households*, the foreign-born represented only 4.8 percent of the American resident *population* (*Statistical Abstract* 1998, 55). On the basis of their numbers in the population, they were accounting for a much larger share of welfare expenditures than expected. Using Borjas’s method of calculating this overrepresentation, we conclude that in 1970 immigrants were receiving 40 percent more in benefits than warranted by their proportion in the population. Similarly, his 1990 estimate of overrepresentation is understated, but only modestly. The foreign-born amounted to 7.9 percent of the American population in 1990, so the benefits they received were 66 percent greater than warranted by their relative number. With these corrections, most of the alleged increase in relative welfare dependency of immigrants disappears.

In addition to the issue of the appropriate base for evaluating the use of the welfare system by immigrants relative to its use by others, another question needs resolution; namely, To what extent does the immigrant share of cash public-assistance payments merely reflect their disproportionate settlement in states that provide relatively high levels of benefit payments? The crucial link here is the income level of the individual states. Table 1 presents empirical evidence that immigrants have a notable proclivity to locate in relatively high-income states. Simple bivariate regression equations relating the percentage of all immigrants who settle in a particular state to its per capita income show elasticities of settlement with respect to income in 1990 of approximately five. In other words, a 1 percent increase in the per capita income of a state is associated with a 5 percent increase in the number of immigrants, meaning that immigration exhibits an extraordinarily high sensitivity to income. Such regression equations have been estimated for ten different groups of immigrants, classified by their date of arrival in the United States. Four groups arrived before 1970, six groups at various dates beginning with 1970. The average elasticity of settlement with respect to income for the pre-1970 era is 4.83; for the period beginning with 1970, it is 5.31.

Table 1
Elasticity of Settlement by Immigrants to the United States
with Respect to State Per Capita Income, 1990

Period of Immigrant Arrival	Elasticity of Immigrant Settlement with Respect to State Per Capita Income
Before 1950	4.34
1950–59	4.37
1960–64	4.93
1965–69	5.66
1970–74	5.43
1975–79	4.93
1980–81	5.41
1982–84	5.48
1985–86	5.62
1987–90	4.98

These elasticities are important for two reasons. First, the elasticity of settlement with respect to income for the native-born population is not much different from zero. Evidently, immigrants are more responsive to economic considerations in their migration behavior than are native-born Americans. Second, there is a strong statistical relationship between state per capita income and welfare benefits, measured in this case by the dollar volume of payments under the Aid to Families with Dependent Children (AFDC) program. In general, states with high incomes also have high welfare benefits. Research suggests that this sensitivity of benefit levels to income levels has persisted and indeed even strengthened over time.

In short, the evidence clearly indicates that immigrants have a propensity to locate in precisely those states where welfare benefits are relatively high. Thus, their apparent overrepresentation among welfare beneficiaries may trace to an overrepresentation in high-welfare-benefit states. How important is this issue? Using the various elasticity parameters previously reported, we estimate that immigrants who arrived during the pre-1970 era would have shown a level of welfare-benefit participation 20 percent above that expected on the basis of their numbers in the total population simply because of settling in relatively high-income states, which also happen to be relatively high-welfare-benefit areas. Similar calculations for the period beginning with 1970 indicate a 35 percent overrepresentation of immigrants in the receipt of cash public-assistance payments arising out of this aspect of their behavior.

We now can reevaluate the Borjas data. The increase in the proportion of cash public-assistance payments going to immigrants between 1970 and 1990 can be explained in part by two phenomena: the rise in the relative numbers of immigrants in the U.S. population, and the increase in the relative importance of the observed pattern of immigrant settlement in raising the volume of welfare benefits received by them. The first factor (the increase in the proportion of the population that is foreign-born from 1970 to 1990) would predict a 65 percent increase in benefits, whereas the settlement-pattern effect is estimated to be 12.5 percent greater in the later era (beginning with 1970). Together, these factors imply an 86 percent increase in the immigrant share of welfare benefits ($1.65 \times 1.125 = 1.86$). Increasing the 1970 immigrant public-assistance share of 6.7 percent by 86 percent gives a value of 12.5 percent. This is what we would expect solely on the basis of the increase in the proportion of immigrants in the population and their choosing to settle in relatively high-income and high-welfare-benefit states. This is also quite close to the observed share of benefits (13.1 percent) to which Borjas and Brimelow have assigned such importance. At this point, we view their claims as much ado about very little.

In fairness to Borjas and Brimelow, however, we recognize the possibility that immigrants elected to locate in high-income states precisely *because* those states are also high-welfare-benefit jurisdictions. To evaluate that possibility, we estimate empirically a conventional model of immigrant settlement.¹⁷ We hypothesize that the

17. For some specific examples of models of this sort, see Dunlevy 1991 and Vedder and Gallaway 1977.

locational choices of immigrants depend on the following factors: (1) the level of income; (2) the availability of jobs; (3) the rate of unemployment; and (4) the level and availability of welfare benefits in the several states.

The model has been estimated for immigrants arriving in each of the ten periods previously considered. Selected results are reported in table 2. The regression equations have been estimated in logarithmic form, so the regression coefficients provide direct estimates of the elasticity of settlement with respect to the various independent variables. As a measure of income, we use per capita income in 1990. The availability of jobs is represented by the number of manufacturing employees in a state, and unemployment by the U.S. Labor Department figure for the rate of unemployment by state, both measures applying to 1990. To provide a measure of the attractiveness of welfare benefits, we employ two variables: the percentage of people receiving some

Table 2
Multivariate Analysis of U.S. State Immigrant Settlement Patterns,
1990, by Time of Immigrant Arrival

Time of Immigrant Arrival	Elasticity with Respect to			Coefficient of Determination
	Income	% of Population Receiving Public Aid	Attractiveness of Benefits	
Before 1950	3.23	- 0.15	0.97	0.73
1950-59	3.70	- 0.26	0.14	0.73
1960-64	4.42	- 0.21	- 0.04	0.77
1965-69	5.07	- 0.01	- 0.01	0.80
1970-74	4.86	0.04	- 0.06	0.75
1975-79	4.32	0.13	- 0.17	0.70
1980-81	4.83	- 0.01	- 0.30	0.67
1982-84	4.81	0.02	- 0.08	0.73
1985-86	4.97	- 0.05	- 0.12	0.74
1987-90	4.23	- 0.03	0.04	0.76

Note: Coefficient of determination is adjusted for degrees of freedom.

form of public aid in a state, and the ratio of AFDC payments to per capita income in a state. The former is designed to take into account state-to-state differences in the administration of welfare programs that have an effect on the numbers of people eligible for benefits, whereas the latter is an index of the attractiveness of benefit payment levels, compared to other forms of income.

Turning to the results, we find the estimated elasticities of immigrant settlement with respect to income are generally in the vicinity of 4.5. The coefficients associated with the percentage of the population receiving public-aid benefits are all not much different from zero and are often negative. There is no evidence that immigrant settlement was determined directly by high levels of availability of benefits. With respect to the benefit-attractiveness variable, we do find one immigrant group whose settlement seems to have been affected. Surprisingly, however, and contrary to Borjas's argument, it is the group that arrived in the United States before 1950. In all other cases the regression coefficient is not much different from zero, and in fact it is usually negative. There is nothing here to support the proposition that immigrants have had an increasing tendency to use the American welfare system; indeed, the reverse seems closer to the truth.

Might it not be more straightforward to simply explain interstate variations in the availability of public-aid benefits? We have done so by estimating regression models with the percentage of people receiving public aid in a state in 1990 as the dependent variable, and the 1990 levels of income, unemployment, manufacturing jobs, and the flow of immigrants who arrived in the state during a particular time period (expressed as a percentage of the population in 1990) as independent variables. The regression estimates for the immigrant-flow variable are reported in table 3. Notably, nine of the ten are negative. Again, there is no evidence to support the contention that there is a meaningful direct link between immigrant flows and the magnitude of the American welfare system.

In short, by correcting for differences in household size between the native-born and the foreign-born and for income-induced differences in settlement patterns, we find the alleged rise in immigrant use of the welfare system to be nonexistent. As has so often been the case in American history, the perceived immigrant problem du jour is largely an illusion.

Excluding Refugees, Immigrants Resort *Less* to Welfare

The preceding analysis overstates the propensity of the economically motivated immigrants to use the welfare system, because the data lump those immigrants with refugees, who enter the country for political or related noneconomic reasons. Most Americans have accepted the time-honored proposition that America should open its doors for truly oppressed victims of persecution, that we have a humanitarian responsibility as the world's richest nation to ease their plight. Even persons who would

strictly limit economic immigration often agree that at least some limited acceptance of refugees is appropriate.

About 13 percent of the immigrants to the United States from 1981 through 1996 were admitted under special refugee legislation (*Statistical Abstract* 1998, 12). For several source countries, the bulk of a considerable in-migration consisted of refugees. We identified five countries from which more than two-thirds of the immigrants were admitted as refugees and from which at least 25,000 immigrant households that had emigrated during the 1980s lived in the United States in 1990: the Soviet Union, Cambodia, Laos, Vietnam, and Cuba. Although these countries contributed only 11 percent of the total flow of permanent immigrants, they accounted for 39 percent of immigrants from that decade who were receiving welfare benefits at the time of the

Table 3
Elasticity of Percentage of State Population Receiving Public Aid
Benefits in 1990 with Respect to Size of Immigrant Inflows to the
United States during Various Periods

Period of Immigrant Arrival	Elasticity of Percentage of State Population Receiving Public Aid with Respect to Size of Immigrant Flow
Before 1950	- 0.03
1950-59	- 0.06
1960-64	- 0.07
1965-69	- 0.02
1970-74	- 0.01
1975-79	0.01
1980-81	- 0.01
1982-84	- 0.01
1985-86	- 0.02
1987-90	- 0.03

1990 census. Whereas 9.7 percent of immigrant households that entered in the 1980–90 period were receiving welfare benefits in 1990, the proportion of welfare immigrant households from *non-refugee-intensive* countries (all nations except the five named above) was only 6.7 percent—dramatically below what the aggregate immigration statistics indicate. This rate is actually below that for the native-born population (7.4 percent). By contrast, the welfare participation rate for the immigrants from the five countries whose immigrants were predominantly refugees was an extraordinary 32.9 percent.¹⁸

This evidence further strengthens our conviction that recent nonrefugee immigrants are not particularly prone to receive welfare benefits. The “immigrant welfare problem” certainly is a myth when applied to the mainstream foreign-born people who migrated in order to improve their economic well-being.

Are Immigrants a Problem?

Throughout U.S. history, immigration has been viewed as a threat, a problem, a burden. In many respects the modern criticism of immigration echoes previous themes, including the claim that this generation of immigrants is somehow different. To be sure, the rhetoric used to denigrate newer immigrants has changed over time, even though the overall conclusions are the same. On the current scene, a large part of anti-immigration rhetoric focuses on the burden that immigration places on taxpayers through the operation of the modern welfare state. We have examined in some detail the allegations that more recent immigrants have been of such lower quality that they become public charges. We do not deny that superficially it appears that immigrants are now moderately more overrepresented in the welfare system than they were previously. However, when three conditions are taken into account—the increase in the relative numbers of immigrants in the population, the marked tendency for immigrants to settle in high-income, high-welfare-benefit states, and the high welfare participation of refugees—then the high and increasing welfare participation of modern-day nonrefugee immigrants is revealed to be illusory. Further, we have demonstrated by estimating a standard immigrant-settlement model that immigrants have not been sensitive to either the availability of or the relative attractiveness of welfare benefits in making their location decisions. Still other evidence indicates that immigrant flows into the various states are not systematically related to the availability of public-aid benefits. America has been strengthened by immigration. The evidence cited to prove that immigrants are now taking undue advantage of the welfare state is exaggerated or just plain wrong.

18. The calculations are by the authors from two data sources (Census of Population 1993, table 5, and *Statistical Abstract* 1998, 12).

References

- Abbott, Edith. 1926. *Historical Aspects of the Immigration Problem: Selected Readings*. Chicago: University of Chicago Press.
- Adams, Charles Francis. 1892. *Three Episodes in Massachusetts History*. 2 vols. Boston: Houghton Mifflin.
- Adams, Elsie B. 1971. *Israel Zangwill*. New York: Twayne.
- Adams, Herbert Baxter. 1882. The Germanic Origin of New England Towns. *John Hopkins Studies*. First series, no. 2, 5–38. Baltimore: N. Murray.
- Annals of the Congress of the United States*. 1851. Washington, D.C.: Gates and Seaton.
- Aylesworth, Leon E. 1931. The Passing of Alien Suffrage. *American Political Science Review* 25 (February): 114–16.
- Billington, Ray A. 1974. *The Origins of Nativism in the United States, 1800–1844*. New York: Arno Press.
- Borjas, George J. 1990. *Friends or Strangers: The Impact of Immigrants on the U.S. Economy*. New York: Basic Books.
- . 1994a. The Economic Benefits of Immigration. National Bureau of Economic Research working paper no. 4955. Cambridge, Mass.: NBER.
- . 1994b. The Economics of Immigration. *Journal of Economic Literature* 32 (December): 1667–1717.
- . 1998. The Economic Progress of Immigrants. National Bureau of Economic Research working paper no. 6506. Cambridge, Mass.: NBER.
- Borjas, George J., and Richard B. Freeman. 1997. Findings We Never Found. *New York Times*, December 10, p. A29.
- Boswell, James. 1904. *The Life of Samuel Johnson*. Vol. 1. London: H. Frowde.
- Bouvier, Leon F. 1992. *Peaceful Invasions: Immigration and Changing America*. Lanham, Md.: University Press of America.
- Bouvier, Leon F., and Lindsey Grant. 1994. *How Many Americans? Population, Immigration, and the Environment*. San Francisco: Sierra Club Books.
- Bowers, Claude. 1932. *Beveridge and the Progressive Era*. Boston, Mass.: Houghton Mifflin.
- Brimelow, Peter. 1995. *Alien Nation*. New York: Random House.
- Burgess, John W. 1934. *Reminiscences of an American Scholar: The Beginnings of Columbia University*. New York.
- Busey, Samuel. 1856. *Immigration: Its Evils and Consequences*. New York: Dewitt and Davenport.
- Butler, J. D. 1896. British Convicts Shipped to American Colonies. *American Historical Review* 2 (October): 12–33.
- Census of Population. 1993. *The Foreign-Born Population of the United States*. Washington, D.C.: Government Printing Office.

- Channing, Edward. 1884. Town and Country Government in the English Colonies of North America. *John Hopkins Studies*. Second series, no. 10, 5–57. Baltimore: N. Murray.
- Chiswick, Barry R. 1994. The Performance of Immigrants in the United States Labor Market. In *Economic Aspects of International Migration*, edited by Herbert Giersch, pp. 95–114. Berlin: Springer.
- Congressional Record*. 1898. 55th Congress, 3d sess., 1424.
- Crevecoeur, Michel-Guillaume Jean de. [1782] 1925. *Letters from an American Farmer*. New York: A. and C. Boni.
- Dunlevy, James A. 1991. On the Settlement Patterns of Recent Caribbean and Latin Immigrants to the United States. *Growth and Change* 22 (Winter): 54–67.
- Fiske, John. 1885. *American Political Ideas Viewed from the Standpoint of Universal History*. New York.
- Fix, Michael, and Jeffrey S. Passel. 1994. *Immigration and Immigrants: Setting the Record Straight*. Washington, D.C.: Urban Institute.
- Hansen, Marcus Lee. 1938. The Problem of the Third Generation Immigration. *Augustana Historical Society Publications*.
- Haynes, George H. 1897. The Causes of Know-Nothing Success in Massachusetts. *American Historical Review* 3 (October): 67–82.
- Higham, John. 1955. *Strangers in the Land: Patterns of American Nativism, 1860–1925*. New Brunswick, N.J.: Rutgers University Press.
- Hosmer, James K. 1890. *A Short History of Anglo-Saxon Freedom*. New York.
- Huddle, Donald. 1996. *Net National Cost of Immigration*. Washington, D.C.: Carrying Capacity Network.
- Lorant, Stefan. 1952. *The Presidency*. New York: Macmillan.
- McGee, Thomas D'Arcy. 1852. *A History of Irish Settlers in North America*. Boston.
- McKee, Thomas H. 1906. *The National Conventions and Platforms of All Political Parties, 1789 to 1905*. Baltimore: Friedenwald.
- Morse, Samuel F. B. 1835. *Imminent Dangers to the Free Institutions of the United States through Foreign Immigration*. New York.
- Nevens, Allan, and Milton H. Thomas, eds. 1952. *The Diary of George Templeton Strong*. Vol. 2. New York: Macmillan.
- Osgood, Herbert L. 1889. Scientific Anarchism. *Political Science Quarterly* 4 (March): 1–36.
- Passel, Jeffrey S., and Rebecca L. Clark. 1998. *Immigrants in New York: Their Legal Status, Incomes, and Taxes*. Washington, D.C.: Urban Institute.
- Porter, Kirk H., and Donald B. Jackson, eds. 1970. *National Party Platforms, 1840–1968*. Urbana, Ill.: University of Illinois Press.
- Rossiter, Clinton. 1953. *Seedtime of the Republic*. New York: Harcourt Brace.
- Sait, Edward M. 1942. *American Parties and Elections*. New York: Appleton-Century.
- Salins, Peter D. 1997. *Assimilation, American Style*. New York: Basic Books.

- Saveth, Edward N. 1948. *American Historians and European Immigrants, 1875–1925*. New York: Columbia University Press.
- Schlesinger, Arthur. 1983. *Political Economy and Constitutional Reform*. Hearing before the Joint Economic Committee of Congress. Washington, D.C.: Government Printing Office.
- Simon, Julian. 1989. *Economic Consequences of Immigration*. Oxford: Blackwell.
- . 1994. On the Economic Consequences of Immigration: Lessons for Immigration Policies. In *Economic Aspects of International Migration*, edited by Herbert Giersch, pp. 227–48. Berlin: Springer-Verlag.
- Smith, James P., and Barry Edmonston, eds. 1997. *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*. Washington, D.C.: National Academy Press.
- Solomon, Barbara M. 1956. *Ancestors and Immigrants: A Changing New England Tradition*. Cambridge, Mass.: Harvard University Press.
- Statistical Abstract of the United States: 1998*. 1998. 118th ed. Washington, D.C.: Government Printing Office.
- Turner, Frederick Jackson. 1961. The Significance of the Frontier in American History. In *Frontier and Section: Selected Essays of Frederick Jackson Turner*. Englewood Cliffs, N.J.: Prentice-Hall.
- Ungar, Sanford J. 1995. *Fresh Blood: The New American Immigrants*. New York: Simon and Schuster.
- Vedder, Richard, and Lowell Gallaway. 1977. Settlement Patterns of American Immigrants, 1850–1968. In *Papers of the Fifth International Congress of Economic History*, edited by H. Van der Wee, V. A. Vinoradov, and G. G. Kotovsky. Moscow.
- Wilson, Woodrow. 1893. Mr. Goldwin Smith's "Views on Political History." *Forum* 16 (December): 489–99.
- . 1902. *A History of the American People*. New York: Harper Brothers.
- Wohlgernter, Maurice. 1964. *Israel Zangwill*. New York: Columbia University Press.

SUBSCRIBE NOW AND RECEIVE A FREE BOOK!



“*The Independent Review* does not accept pronouncements of government officials nor the conventional wisdom at face value.”

—**JOHN R. MACARTHUR**, Publisher, *Harper’s*

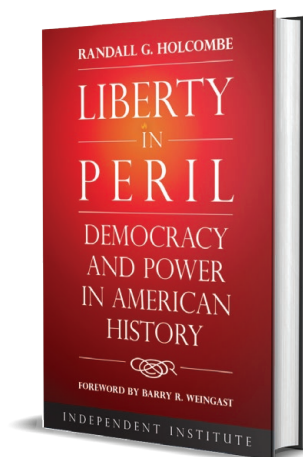
“*The Independent Review* is excellent.”

—**GARY BECKER**, Nobel Laureate in Economic Sciences

Subscribe to [The Independent Review](#) and receive a free book of your choice such as *Liberty in Peril: Democracy and Power in American History*, by Randall G. Holcombe.

Thought-provoking and educational, [The Independent Review](#) is blazing the way toward informed debate. This quarterly journal offers leading-edge insights on today’s most critical issues in economics, healthcare, education, the environment, energy, defense, law, history, political science, philosophy, and sociology.

Student? Educator? Journalist? Business or civic leader? Engaged citizen? This journal is for YOU!



Order today for more **FREE** book options

SUBSCRIBE

The Independent Review is now available digitally on mobile devices and tablets via the Apple/Android App Stores and Magzter. Subscriptions and single issues start at \$2.99. [Learn More.](#)

