

The Impact of the Chinese Exclusion Act on the Economic Development of the Western U.S.

Discussion by Ran Abramitzky

This is a great project!

- **Addressing important policy-relevant question**
 - The effect of immigration restrictions on US born
- **Focusing on underexplored immigration episode**
 - Chinese immigration to the US
 - 1882 Chinese Exclusion Act is first law in US restricting immigrants from certain ethnic origin from entering
- **Fascinating finding: Chinese Exclusion Act hurt US born Whites & reduced manufacturing output**
- **Great research team!**

Suggestive evidence on mechanism

- A possible mechanism: Chinese workers are not easily replaceable in the short-run, and this can lead to negative consequences for the economy
- Authors suggest more research on mechanism
- I will discuss ideas from other historical settings

In another paper, Marco finds similar effect of 1920s border closure

- Immigration had positive effect on natives' employment
 - Immigration increased natives' employment and occupational standing
- Immigration spurred industrial production
 - Immigration stimulated economic activity

How might wages not rise after 1920 border closures?

- Compare affected cities like Cleveland, with S/E immigrant communities to unaffected cities like Cincinnati, with N/W immigrant communities, before and after the quotas
- Employers found ways to avoid paying higher wages
 - replaced European immigrant workers with Mexican and US-born workers who moved in from other areas
- In rural areas, farmers shifted away from workers
 - farmers shifted toward capital-intensive agriculture
 - the immigrant-intensive mining industry contracted

Abramitzky, Ager, Boustan, Cohen, and Worm Hansen, “The Effects of Immigration on the Economy: Lessons from the 1920s Border Closure,” *AEJ:Applied* (2022)



Evidence from Bracero program

- Bracero: agreements (1942–1964) between US and Mexico to regulate flows of temporary low-skill labor
- ~500K seasonal workers each year from Mexico to US farms under typical contracts between 6 weeks and 6 months
- Johnson administration eliminated the program on 12/31/64
 - primary goal of bracero exclusion was to improve wages and employment for domestic farm workers
- Research strategy: compare states with high exposure to exclusion to states with low/no exposure
 - High-exposure states: Arkansas, Arizona, California, New Mexico, South Dakota, and Texas, where *braceros* made up more than 20 percent of hired seasonal farm labor in 1955

Farmers shifted away from workers towards labor-saving technologies

- Bracero exclusion had little effect on wages of domestic farm workers (Clemens et al 2018)
- Rather than hiring more workers, immigration restriction encouraged farmers to innovate labor-saving technologies in crops that lost Bracero workers (San 2021)

Suggestions Chinese Exclusion Act context

- Can you use individual-level census data to study whether Chinese were replaced in the occupations they held?
- Can you use linked 1880 and 1900 census to see what white workers do after the act according to their place they were in 1880? Did those living in nearby counties in 1880 benefited more from the act (e.g. in terms of income score)? Maybe you can graph the relationship between distance to affected counties and changes in income scores?
- Can you look for evidence for other margins of adjustments, e.g. replacing workers with capital (but tractors only invented later), or shifting to capital-intensive sectors?

Does immigrants hurt the US born?

- Theory/logic: immigrants increase labor market competition, lowering wages and reducing employment among natives
- Economy is not a zero-sum game...
- Immigrants often fill positions that many US-born workers would not take at wages that consumers are willing to pay, such as picking crops or take care of the elderly
- When immigration slows down, employers don't necessarily turn to pay higher wages to the "worker next door". They have a menu of options, e.g. search for other pools of labor, or replace workers with machines

Note immigration creates winners and losers

- “Local” white miners benefitted from the Chinese Exclusion Act
- Immigration often reduces the employment opportunities of competing US-born workers
 - Those with similar education-experience (Borjas 2003, Borjas and Doran 2012), including blacks (Borjas, Grogger, and Hanson (2006), and previous immigrants
- But overall story is not as simple as “immigrants necessarily take the jobs and reduce wages of US-born”

- **Overall, a great project!**