



07 AUG 2018 WORKING PAPER SUMMARIES

Gifts of the Immigrants, Woes of the Natives: Lessons from the Age of Mass Migration

by Marco Tabellini

Investigating the economic and political effects of immigration across US cities between 1910 and 1930, this paper finds that political opposition to immigration can arise even when immigrants bring widespread economic benefits. The paper provides evidence that cultural differences between immigrants and natives were responsible, at least in part, for natives' anti-immigration reactions.

Author Abstract

In this paper, I show that political opposition to immigration can arise even when immigrants bring significant economic prosperity to receiving areas. I exploit exogenous variation in European immigration to U.S. cities between 1910 and 1930 induced by World War I and the Immigration Acts of the 1920s and instrument immigrants' location decision relying on pre-existing settlement patterns. Immigration increased natives' employment and occupational standing and fostered industrial production and capital utilization. However, despite these economic benefits, it triggered hostile political reactions, such as the election of more conservative legislators, higher support for anti-immigration legislation, and lower public goods provision. Stitching the economic and the political results together, I provide evidence that natives' backlash was, at least in part, due to cultural differences between immigrants and natives, suggesting that diversity might be economically beneficial but politically hard to manage.

Paper Information

- Full Working Paper Text (pdf)
- Working Paper Publication Date: July 2018
- HBS Working Paper Number: HBS Working Paper #19-005
- Faculty Unit(s): Business, Government and International Economy

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