The age of mass migration in Latin America

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Abstract

The experiences of Latin American countries are not fully incorporated into current debates concerning the age of mass migration even though 13 million Europeans migrated to the region between 1870 and 1930. This paper draws together different aspects of the Latin America immigration experience. Its main objective is to rethink the role of European migration to the region, addressing several major questions in the economics of migration: whether immigrants were positively selected from their sending countries, how immigrants assimilated into the host economies, the role of immigration policies, and the long-run effects of immigration. Immigrants came from the economically backward areas of Southern and Eastern Europe, yet their adjustment to the host labour markets in Latin America seems to have been successful. The possibility of rapid social upgrading made Latin America attractive for European immigrants. Migrants were positively selected from origin according to literacy. The most revealing aspect of new research is showing the positive long-run effects that European immigrants had in Latin American countries. The political economy of immigration policies deserves new research, particularly for Brazil and Cuba. The case of Argentina shows a more complex scenario than the classic representation of landowners constantly supporting an open-door policy.

JEL Classification: N36, O15, J61

Keywords: Historical migration, Latin America, Immigrants’ selection, Socioeconomic impact

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Mass migration has been the focus of a research revival in recent years. Latin America, however, has been largely neglected in the debates even though 13 million Europeans migrated to the region between 1870 and 1930 (a higher number than to Australia and Canada). Historians have frequently called for a comparative approach in immigration studies, but research on Latin American countries lags behind other New World countries.¹ Textbooks on long-run economic growth or the economic history of Latin America concentrate on trade and capital and, surprisingly, devote few pages to the performance of Latin American countries in international labour markets (Bulmer-Thomas 2003; Bértola and Ocampo 2012).

The main objective of this survey is to rethink the role of European migration to the region. It is not limited to the cliometrics approach as research by historians and social scientists will be used frequently given the lack of conversation between different scholars (Hatton 2010). I address several major questions in the economics of migration: whether immigrants were positively selected from their sending countries, how immigrants assimilated into the host economies, the role of immigration policies, and the long-run effects of immigration in Latin America. Many topics, such as the patterns and causes of European migration, are not considered.

This paper is organized as follows. Section I presents the main trend of migration to Latin America, origins and destinations and discusses return migration. Return migration was a common feature for migrants to the New World as from the late nineteenth century. We could speculate whether returnees were successful target earners or those negatively selected who failed to adapt in the host countries. Section II discusses the reasons why European emigrants selected Latin American destinations, focusing on real wages differentials, language and cultural affinity. This section presents some arguments to rethink the Lewis mode of elastic labour supply applied to Latin American flows. Section III focuses on immigration policies, particularly the long-

¹ An example of the effort to integrate non-English-speaking countries is Hatton and Williamson (1998)
lasting program of subsidized immigration to Brazil and on some peculiarities of Argentine immigration policy. Section IV analyses immigrant adjustment to Latin American labour markets, occupational upgrading and whether Southern European emigrants to the region were positively selected according to literacy. Section V deals with the long-run effects of immigration to Latin America and focuses on new research showing positive impacts of European immigrants on human capital accumulation. A final section summarizes the main findings of this survey and suggests areas for new research.

I.

About 60 million Europeans migrated to New World economies characterized by capital and labour scarcity and abundance of land. During the period of mass migrations, the United States was the main destination for European immigrants. Until the last quarter of the nineteenth century Latin America remained marginal to the international market of free labour. Table 1 presents immigration rates for the main destinations. The ability of Argentina to attract large numbers of immigrants relative to its own population is remarkable. In 1910-14 foreigners represented 14.5 percent of the total population in the United States but around 30 percent in Argentina. Prima facie, immigrants could have been more significant for the development of Argentina than for the United States.

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2 The distinction between free and coerced labour is important. Latin America was a major participant in the Atlantic slave trade. See Klein (1999) and Eltis (1983). Forced migration, however, will not be addressed here.
Table 1
New World Immigration Rates by Decade (per thousand population)

<table>
<thead>
<tr>
<th></th>
<th>1861-70</th>
<th>1871-80</th>
<th>1881-90</th>
<th>1891-1900</th>
<th>1901-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>99.1</td>
<td>117.0</td>
<td>221.7</td>
<td>163.9</td>
<td>291.8</td>
</tr>
<tr>
<td>Brazil</td>
<td>20.4</td>
<td>41.1</td>
<td>72.3</td>
<td>33.4</td>
<td></td>
</tr>
<tr>
<td>Cuba</td>
<td></td>
<td>118.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uruguay</td>
<td></td>
<td>118.3</td>
<td>88.0a</td>
<td>123.3</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>122.2</td>
<td>100.4</td>
<td>146.9</td>
<td>7.3</td>
<td>9.9</td>
</tr>
<tr>
<td>Canada</td>
<td>83.2</td>
<td>54.8</td>
<td>78.4</td>
<td>48.8</td>
<td>167.6</td>
</tr>
<tr>
<td>United States</td>
<td>64.9</td>
<td>54.6</td>
<td>85.8</td>
<td>53.0</td>
<td>102.0</td>
</tr>
</tbody>
</table>

Sources: Williamson (1999); For Uruguay, Ferenczi and Wilcox (1929); Nahum (2007), and Instituto Panamericano de Geografía e Historia (1990)
a 1893-1900

Scattered immigrants had been arriving since the 1830s and some immigrant colonies in countries like Brazil, Chile, Argentina, Paraguay and Mexico were established during the following decades. However, civil wars in the Southern Cone, slavery in Brazil and Cuba, and the tyranny of distance for Chile and Peru prevented the attraction of a high flow of foreign workers. Various colonization projects brought European immigrants to some countries in the mid-nineteenth century, but most plans failed miserably. The German colonies were the most successful in southern Brazil and Chile and the Welsh in Patagonia. Italians contributed to successful colonies in Argentina and Brazil and in this early period, Portuguese immigration to Brazil was also significant. However, only a few countries in Latin America managed to attract massive European immigration from 1870 onwards. More than 90 percent of the European emigrants who travelled to the region between 1870 and 1930 chose Argentina, Brazil, Uruguay, or Cuba. From the mid-nineteenth century until 1930 approximately four million Europeans settled in Argentina, some two million in Brazil, and slightly fewer than 600,000 in Cuba and Uruguay (Sánchez-Albornoz 1974, p. 129).

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3 For example, in Paraguay. See Frezt (1962).
4 Although not considered here, some Latin American countries (Cuba, Peru and Brazil) also received foreign workers from China and Japan.
European sources of emigration changed over time. An “emigration life cycle” related to demographic transition, industrialization, and the “pull” of growing stocks of migrants abroad has been well documented (Hatton and Williamson 1998, chap. 3). Emigrants from Southern and Eastern Europe account for most of the surge in numbers from the 1880s, but Italians and Portuguese were relatively early migrants in Latin America. Emigrants from Eastern Europe began to arrive in the late 1890s, while those from the former Ottoman Empire did so during the 1920s. For the whole region, there was a high concentration of immigrants in the decades prior to the First World War. More than half a million Spanish immigrants disembarked in Buenos Aires in 1910-13, surpassing those who had arrived in Spanish America during more than three centuries of colonial rule. The era of mass immigration was short-lived; after 1914, the rate of immigration fell, and the Great Depression signalled the end of mass migration to Latin America.

Immigration composition by nationality remained stable over time. Figures 1 and 2 for Argentina and Brazil show a constant and large share of Southern European immigrants. Cuba mainly received immigrants from Spain. European migrants were predominately male and travelled alone although Brazil presents more family immigration.

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5 Martinez Shaw (1994 pp. 152, 167) estimates 470,000 arrivals in the entire colonial era.
6 Cuba is the main exception to the downward trend of the 1920s due to the extraordinary demand of labour because of the sugar boom.
Figure 1
Argentina: Immigration composition by origin, 1870-1930 (Main groups) (% of total immigration).

Sources: Sanchez-Alonso (2013)

Figure 2
Brazil: Immigration Composition by Origin, 1870-1930 (Main Groups) (% of total immigration)

Sources: Klein (1996)
Return migration was high but not substantially different from the same nationalities returning from the United States. Recently, Bandiera, Rasul, and Viarengo (2013), estimated that 60–75 percent of migrants returned to Europe from the United States in the 1900s and 1910s. These figures are over twice as high as official estimates. Figure 3 presents fluctuations in return migration from Argentina according to official statistics. Italians seemed readier to abandon the country than Spaniards and total immigration, particularly in the early 1890s and 1914-19. There is a clear upward trend for all migrants starting in 1900. The rising trend in return migration is related to reduced journey time. On the River Plate route from Spanish ports, steamers cut the trip from around 55 days in the mid-nineteenth century to just 12 days in the 1910s.

**Figure 3**
Ratio of Returns to Arrivals: Argentina, 1970-1927 (five years average)

Sources: Dirección General de Inmigración (1925)

Unfortunately, Brazilian return data are fragmentary and refer to passengers’ departures from the port of Santos as from 1892. Based on the growth of the foreign population
in Brazil, Ferreira Levy (1974, p. 66) estimated a rate of return of 46 percent of arrivals, with Italians showing the highest repatriation rate, followed by Spaniards, Portuguese and Japanese. Yañez (1994, pp. 135-37) calculates a 47 percent global return rate to Spain from America in 1870-1930, with the lowest value from Argentina and the highest from Cuba because of seasonal migration during the 1920s.\(^7\)

Return migration may have been planned as part of an optimal life-cycle residential location sequence: target income immigrants migrate for a few years, accumulate financial resources, and then return to the source country. If immigrants planned to return after reaching a target savings, success in the host labour market implied returning home. Therefore, conceptually, return migrants could be positively selected if more productive migrants reached their target savings faster than others.

Transiency was a common feature of Italian emigration to the New World. Scholars argue that return migration to Italy was a planned strategy before emigration. More than 75% of Italians applying for a passport after 1901 declared their intention to return regardless of their destination (Cinel 1982, pp. 47-49). As the return rates from the U.S., Brazil, and Argentina were similarly high, it seems unlikely that Italians were unsuccessful in all destinations.

Alternatively, migrants may have returned at particular times due to unexpected changes in the economic situation of the destination country. The high return rate of migrants of all nationalities from Argentina after the 1890 Baring crisis was an immediate reaction to the steep decline in workers’ living standards and the distress in the urban labour market. This crisis could have pushed out many target income immigrants earlier. Or, alternatively, immigrants may have remained to compensate for lower wages in the host country simply by staying longer (Dustmann 2001).

\(^7\) The comparison of out-migration rates based on the official statistics ignores mortality and purely derived counts of migrant inflows and outflows.
A third possibility for return migration is because immigrants failed to adapt to the host country. Negative selection occurs when unsuccessful migrants return home (Abramitzky, Boustan, and Eriksson 2014). This seems to be the case for high out-migration from Argentina in the early 1890s because of the Baring crisis. Since immigration had been subsidized in the preceding years, Argentine immigration officials estimated that two-thirds of the subsidized immigrants who arrived in the three-year period of such a policy were negatively selected because of lack of skills (República Argentina, 1891, p. 55). It is possible that a share of immigrants leaving Argentina after the Baring crisis had been negatively selected by subsidized passages and failed to adapt. Subsidies, particularly in Brazil, could have contributed to negative selection of immigrants since subsidies allowed them to overcome poverty constraints at home.

Assuming that immigrants returned to Europe may be misleading. Many immigrants did not return home but moved frequently between Argentina, Uruguay, and Brazil. Yañez (1994, tab. 17) estimates that 26 percent of Spaniards leaving Argentina in the years 1894-96 moved to Brazil. Re-emigration from São Paulo to Argentina when the coffee contract ended was also frequent. For example, as Holloway (1980, p. 95) shows, the extraordinary 1906 coffee crop in São Paulo meant a substantial increase in the harvest portion of their income for workers and many then decided to leave Brazil and moved to Argentina.

With the available evidence we can only speculate about positive or negative selection in return migrations because there are no relevant data on the characteristics of returned migrants. For Italian migration there is a consensus that return migration was not the result of failure since it was part of a lifetime strategy for improving living standards at home. Nothing conclusive can be said about returns to Spain or Portugal. Both communities show the lowest return rate from Argentina and Brazil respectively, but evidence is fragmentary about positive or negative selection of return migration.
Latin America entered the age of mass migration late in the nineteenth century. The migratory boom was concentrated in 1900-1914 with a modest revival in 1920 (except in Cuba). Immigrants came overwhelmingly from Southern Europe and re-emigration and return migration was high.

II

A potential European emigrant could choose between alternative destinations in America in the late nineteenth century. Attempts to explain the choice between competing destinations in migration equations have not been very successful. For Italy, Hatton and Williamson (1998, tab. 6.9) found that the choice between Latin America and the United States was mainly driven by the stock of previous emigrants, a finding confirmed by Gomellini and O’Grada (2011). Balderas and Greenwood (2010) find little evidence of substitution between Argentina and Brazil for 12 European countries; a surprising result since immigrants moved frequently between the two countries.

To explain the selection of destination, the literature has considered, among other variables, language and cultural affinity. The transoceanic migrations from Europe sought to minimize the loss of language capital, with migrants to South America more likely to come from Romance language countries, while those from the British Isles favoured North America (Chiswick and Hatton 2013). It is often suggested that colonial ties, a common language, and cultural affinity meant that different destinations were poor substitutes, a feature reinforced by the friends and relatives effect (Taylor 1994). For Spain and Portugal, selecting Latin American destinations allowed immigrants to enjoy advantages in the commercial sector due to language and old colonial links. The colonial ties and the complex, long-standing trade and merchants’ relationships of Portuguese with Brazil and Spaniards with Cuba, help to explain why immigrants concentrated in commercial cities such as Rio de Janeiro or Havana and not in the rural sector.

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8 Colonial links can also have negative effects. Spaniards were not particularly welcome in Argentina until the early twentieth century. Moya (1998)
For example, the high proportion of Spanish-born bank clerks in Cuba in 1907 (57 percent) reflects the weight of Spanish banks in the island before Independence.\textsuperscript{9} In Buenos Aires, Spanish male workers dominated sales occupations. Knowledge of the language appears to have been an asset for the choice of occupation. Unskilled labour commanded higher wages in the USA and language was less of an impediment for unskilled employment. Less skilled and more rural Italian immigrants from the south chose the United States as from the late nineteenth century. In contrast, skilled Northern Italians moved easily into commerce and business in Argentina. We can assume that human capital is more easily transferred between countries sharing the same (or similar) language.

Economists assume that wage differentials between home and destination are the fundamental cause of migration. Research by Williamson (1999) documents levels and trends in real annual wages for many countries from 1870\textsuperscript{10}. Williamson’s data suggest that during the years of massive European migration, Latin American countries could not compete for labour by offering wages at levels of the United States. The relevant question, then, is why not all European migrants maximized the wage gap between home and destination by going to the United States.

A glance at table 2 helps to understand why neither British nor German emigrants chose Argentina or Brazil, but it is difficult to explain why all Southern Europeans did not migrate to the United States. Italian unskilled wages in the 1870s were 43 percent of those in Argentina and 22 percent of those in the United States. However, in the 1870s and 1880s most Italian emigrants went to Argentina (Devoto 2006).


\textsuperscript{10} Data refer to urban unskilled wages.
Table 2
Relative Real Wages (PPP) Europe/Destination Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>1870/74</th>
<th></th>
<th></th>
<th></th>
<th>1909/13</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Argentina=1</td>
<td>Brazil=1</td>
<td>USA=1</td>
<td>Argentina=1</td>
<td>Brazil=1</td>
<td>USA=1</td>
<td>Argentina=1</td>
<td>Brazil=1</td>
</tr>
<tr>
<td>Belgium</td>
<td>1.14</td>
<td>1.40</td>
<td>0.54</td>
<td>0.94</td>
<td>1.02</td>
<td>0.52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>0.67</td>
<td>0.83</td>
<td>0.32</td>
<td>1.09</td>
<td>1.19</td>
<td>0.61</td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>0.88</td>
<td>1.08</td>
<td>0.42</td>
<td>0.74</td>
<td>0.80</td>
<td>0.41</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>1.06</td>
<td>1.31</td>
<td>0.51</td>
<td>0.94</td>
<td>1.03</td>
<td>0.52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Britain</td>
<td>1.15</td>
<td>1.41</td>
<td>0.55</td>
<td>1.02</td>
<td>1.11</td>
<td>0.57</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ireland</td>
<td>0.86</td>
<td>1.06</td>
<td>0.41</td>
<td>0.97</td>
<td>1.06</td>
<td>0.54</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>0.98</td>
<td>1.20</td>
<td>0.46</td>
<td>0.82</td>
<td>0.90</td>
<td>0.46</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Norway</td>
<td>0.65</td>
<td>0.79</td>
<td>0.31</td>
<td>0.91</td>
<td>0.99</td>
<td>0.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>0.62</td>
<td>0.76</td>
<td>0.30</td>
<td>1.06</td>
<td>1.16</td>
<td>0.59</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>0.43</td>
<td>0.53</td>
<td>0.21</td>
<td>0.56</td>
<td>0.61</td>
<td>0.31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>0.51</td>
<td>0.62</td>
<td>0.24</td>
<td>0.39</td>
<td>0.43</td>
<td>0.22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td>0.34</td>
<td>0.41</td>
<td>0.16</td>
<td>0.26</td>
<td>0.28</td>
<td>0.14</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: Williamson (1999)

Wage hierarchy within Latin America shows that hardly any country could compete with the River Plate. Argentina and Uruguay display the highest wage levels up to 1914; therefore, migrants flowed in higher numbers to the River Plate than to Brazil or Cuba. Wages in Argentina and Uruguay were systematically more than 200 percent higher compared with a weighted average of wages of Italy, Portugal and Spain (Figure 4) and 160 percent higher than in Cuba prior to the Great War.

Brazil, however, presents a puzzle for the traditional explanation of migration based on real wage gaps; unskilled wages were only around 50 percent higher than average wage levels in the three Southern European countries. Nevertheless, between 1870 and 1940, approximately four million European immigrants, mainly from Southern Europe, entered Brazil. Focusing only on real wages suggests that Southern European emigrants selected the ‘wrong country’.
The Todaro (1969) model explains that migration decision is based on future expected income at home and abroad rather than just wage differentials. Immigrants to São Paulo valued the prospective savings as a crucial part of the expected income, the guaranteed job on arrival, and the subsidized transportation cost.\(^\text{11}\) Going to Brazil was perceived in Southern Europe as a good investment.\(^\text{12}\) There are two relevant factors in explaining the choice of Brazil as destination and how Brazil competed for foreign workers: transport subsidies and colono contracts in the coffee areas.

\(^{11}\) Similarly, Pope, (1976), stressed that most British emigrants went to Australia because of enhanced employment prospects, not because of better wages.

\(^{12}\) Newspapers and immigrants’ letters stressed the miserable conditions of working in the plantations, but Italians kept travelling even after the ban on subsidized immigration (1902). Franzina, (1979)
Subsidized immigration helped potential emigrants in Europe to overcome the problems involved in funding long-distance migration. This is important when emigration was income constrained as it was in Southern Europe. Poverty and information constraints explain why emigration was so low from some Spanish provinces despite large wage differentials with the New World (Sánchez-Alonso 2000).\(^1\) It is difficult to estimate the impact of transport subsidies on potential emigrants. It is difficult to estimate the impact of transport subsidies on potential emigrants. In 1905-13, the cost of the trip to Latin America for an agricultural worker from Northern Spain represented 32 per cent of his yearly income, slightly more than for than for a Northern Italian worker (28 per cent).\(^2\) Over time, remittances and pre-paid tickets helped to finance the moves of relatives and friends and non-subsidized immigration increased significantly.

The *colono* contracts to subsidized immigrants in the coffee plantations of Southeast Brazil are the second reason why Brazil was attractive for Southern European emigrants. The contracts established three separate sources of money wages: (1) payment for the care of coffee trees during the annual production cycle (depending on the numbers of trees per family, which in turn depended on the number of working people in the family). This accounted for roughly one-half to two-thirds of the *colono* family income; (2) payment for the coffee harvest when labour was contracted as a family unit. Harvest income fluctuated considerably from year to year because of wide variations in yields per tree, being higher in the frontier areas because of higher yield per tree; and (3) payment for occasional day labour on the plantation (Holloway 1980, pp. 74-81).

The *colono* contract also included two non-monetary income sources: free housing and plantation land between coffee trees to grow their own food and/or pasture land for livestock.

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\(^1\) Faini and Venturini (1994) argued the same for Italy.

\(^2\) In the 1880s, fares to the River Plate from Spain represented 40 per cent of an agricultural worker annual income. Sánchez-Alonso, (2007), tab. 2; For Italy, Federico, Nuvolari and Vasta (2019) and CGE (1926), p. 1577.
Available *colono* family budgets presented by Holloway (1980, pp. 80-85) and Vangelista (1982) suggest that the household obtained large shares of its income (in some cases over 50 percent) from cash crops and animal products. Hence, the advantages that the *colono* contract offered to immigrants are not captured by real wages. Contracts also guaranteed employment after landing, reducing uncertainty and search costs. It seems that the wage gap is not the relevant variable in explaining the attraction of Brazilian coffee plantations for immigrants.¹⁵ Migrants were attracted by a combination of subsidies and potential savings; going to Brazil was perceived in Southern Europe as a good investment.¹⁶

Scholars have discussed whether the labour supply from Southern Europe to Latin America was more elastic than from the rest of Europe to other destinations. The Lewis model of unlimited supply of labour has been a cornerstone in development economics. Before wages begin to rise above the subsistence level (as in Brazil after the abolition of slavery), any country could look for the surplus labour in other countries (Lewis 1954). Leff (1982, p. 48) explicitly considered nineteenth-century Brazil, and particularly São Paulo, as an example of the Lewis model. Díaz Alejandro (1970) shared the belief that the Lewis model applied well to Argentina before the 1930s.¹⁷ More recently, Hatton and Williamson (1998) have rejected the Lewis model, pointing out that Southern European emigrants did not have a more elastic labour supply since they were no more responsive to wage gaps between home and abroad than other countries.

There are three reasons why the Lewis hypothesis merits further investigation, particularly for Brazil. First, focusing on wage gaps, as Hatton and Williamson did, could be misleading, since in Brazil available data on wages present two main shortcomings. One is the small share of money wages received by coffee workers and the importance of non-monetary

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¹⁵ Similarly, Pope (1976) stressed that most British emigrants went to Australia because of enhanced employment prospects, not because of better wages.

¹⁶ Newspapers and immigrants’ letters stressed the miserable conditions of working in the plantations, but Italians kept travelling even after the ban on subsidized immigration (1902). See Franzina (1979).

¹⁷ Taylor (1994) showed that Argentina’s immigration was not more responsive to wage gaps than Australia’s, contradicting Diaz Alejandro (1970).
income sources in the *colono* labour contract, as explained above. The other is that Williamson’s data (1999) refer to unskilled urban wages in the city of Rio de Janeiro. It is unlikely that urban wages in Rio are representative of rural wages in the coffee area.

Second, the labour supply in São Paulo came not only from European immigrants (subsidized or not), but increasingly from Brazilian natives and older immigrants already living in the state. The source of the elastic supply of labour, particularly for wage earners during the coffee harvest, came from within Brazil. In 1905, 45 percent of agricultural workers in rural areas of São Paulo were Brazilian natives. Vangelista (1982, pp. 189-91) distinguishes a segmented labour market in São Paulo; European immigrants supplied the *colono* labour force, but *colonos* represented a fraction of the total labour needs on the coffee plantations. Occasional day labour for different tasks on the plantation and workers for the harvest were increasingly provided by both native-born and foreign workers living in the city of São Paulo. Furtado (1968, p. 168) also stressed that internally recruited manpower exerted a permanent downward pressure on average wage levels. The evolution of wages paid to *camaradas* (day labourers) is directly correlated with the supply of labour from Brazil. From 1903 to 1912, 30 percent of entries in the São Paulo Immigrant Hostel were re-entries, 26.3 percent non-subsidized new arrivals and 43 percent subsidized new arrivals from Europe. Most of the re-entries were people who voluntarily appeared at the gates of the Hostel in search of jobs on coffee plantations (Holloway 1980, p. 56). A similar argument is provided for Argentina by Adelman (1994, pp. 118-121), suggesting that the elastic labour force for the harvest in the Pampas came from immigrants already in Argentinean cities and not from the ‘*golondrinas*’ from Italy.

The third reason to reconsider the Lewis model is the quantity of workers supplied to the coffee plantations by the São Paulo immigration service. Subsidized immigration was of central importance for the supply of labour after the abolition of slavery (see section IV). If

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18 The Immigrant Hostel also functioned as an employment agency for the coffee areas.
labour demand is estimated, as Holloway (1980, tab. 5) did, as the number of workers needed to take care of a coffee tree in production (2,500 trees per worker), then the São Paulo immigration services supplied nearly five times as many workers as could have been accounted for by the coffee expansion between 1893 and 1930. Holloway’s is a downward estimate since it does not include non-subsidized immigrants, internal migrant workers who did not pass through the Hostel, or the continuous entry of children into economically active age groups over time.

Immigrants to Brazil were responsive to a combination of wages, transport subsidies and conditions of the coffee contracts rather than to wage differentials alone. Unfortunately, we can only speculate since data for rural wages in São Paulo are scarce and fragmentary. Internal sources of labour appear to be more important in the total labour supply than previously thought. The same could be the case of Argentina during the harvest season in the Pampas. In São Paulo, estimates of the quantity of workers needed for the continuous coffee expansion suggest that subsidies were delivering too many workers. However, without new data on the evolution of real wages in rural areas of São Paulo as coffee output expanded, the final balance is not conclusive.

III

Immigration policy in Latin America raised few barriers to European immigration and offered rights of residence and commerce comparable to those enjoyed by natives. While some countries needed to increase labour due to the scarcity of the native population, others tried to prevent labour shortages during harvest seasons and some governments thought that
immigration of culturally “superior” Europeans would contribute to economic and social modernization.¹⁹

Immigrants arrived in Argentina in massive numbers before and after a short period of subsidies (1887–89) but Brazil continued subsidizing European immigration until the late 1920s.²⁰ Uruguay, however, did not actively promote immigration, which was largely of a spontaneous type (Goebel 2010). Cuban immigration policy remained under Spanish control until 1898 and thereafter closely followed labour demand on the sugar plantations.

Scholars consider Argentina’s immigration policy to have been open to international migration during the era of mass migration (Solberg 1987). Timmer and Williamson (1998), however, maintain that Argentina followed the general trend of gradual closing adopted in the Anglo-Saxon countries, so immigration policy became restrictive as from the 1890s. A new index of immigration policy shows that this is not the case; moderate restrictions increased over time, but Argentina remained open to mass migration until the 1930s.²¹ The new quantitative evidence suggests that prior to the 1930s Argentina had economic reasons to restrict immigration: decreasing relative quality of immigrants (measured by literacy), rising inequality, and the closing of the border. However, restrictions remained moderate since labour interests could not be translated directly into parliamentary legislation. The unskilled labour force was overwhelmingly composed of foreigners with no voting rights.²² Contrary to what happened in Australia, the leader of the Socialist Party in Argentina was pro massive immigration. The Party was unable to obtain widespread support from the workers, who, because of their alien status remained outside the political system (Fogarty 1985). Social unrest through strikes and labour

¹⁹ Some governments (Peru and Cuba) thought that contract or indentured labour were more suitable to solve labour shortages in specific sectors. From the 1850s into the 1880s Cuba and Peru received 122,000 and 100,000 Chinese workers, respectively.
²⁰ The 1890 Baring crisis ended this policy because of financial constraints.
²¹ Restrictions referred to socialists and anarchists considered dangerous to social and political order. The new index is based on legislation and regulations to immigration and values range from 0 to 10, the latter being a totally open immigration policy. Sánchez-Alonso (2013).
²² There are two main reasons for the lack of nationalization of immigrants: (a) keeping their nationalities so that they could seek their home government protection when needed and (b) the establishment of mandatory military conscription for natives after 1901.
conflicts in the 1910s pushed for moderate restrictions in the early 1920s (Figure 5). The Argentine case highlights how inequality may affect immigration policy through labour unrest.

An open immigration policy can influence potential immigrants and may have suggested that Argentina was less selective than other countries. Canadian policies were less favourable to massive immigration because of a different income distribution and franchise. Admission criteria ranged from a vague definition of “undesirables” to the exclusion, after 1910, of those “immigrants belonging to any race deemed unsuited to the climate or requirements of Canada”.

Taylor (1992) stressed that Australia’s policy selected from high-wage Northern European labour markets (namely Britain), while the non-selective immigration policy of Argentina drew immigrants from low-wage Southern European labour markets.

**Figure 5**

Immigration policy index (right scale) and annual number of strikes in Argentina (left scale), 1870-1930

Sources: Sanchez-Alonso (2013). The immigration policy index values range from 0 to 10, the latter being a totally open immigration policy. Number of strikes per year: from 1887 to 1906, Korzeniewicz (1989) tab. 1; from 1907 to 1930 official government statistics in Vázquez-Presedo (1988).

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Australia had an assisted migration program. Though the Brazilian subsidies policy was not the same as the Australian assisted scheme, both governments took an active role in attracting and selecting immigrants. Pope (1987) argued that in the absence of an assisted passage scheme a significant proportion of migrants to Australia would not have been able to travel. A similar argument can be applied to Brazil with low wages and hard working conditions on the coffee plantations. The differences between the two policies are significant, however.

Contrary to what happened in Brazil, assisted immigration became highly unpopular in Australia after the 1890s crisis, which led to high levels of unemployment. The explicit goal of Brazilian immigration policy was to maintain the supply of labour constant, so wages were kept low. Meanwhile, in Australia, the general goal of expanding the labour supply was subject to the constraint that living standards were maintained. While in Brazil immigrants were effectively selected to work the land, in Australia the nomination system was geared to introduce those “classes, and those alone who can readily assimilate in the industrial life”. Immigrants who could pay their own passage to Brazil were partially considered non-desirables because they were supposed to enter non-agricultural occupation “thus bringing in consumers instead of elements of production”.

Brazilian policy was not intended to populate the country, as in Argentina, but specifically aimed at sustaining the production of coffee. With the cessation of slave arrivals and the final abolition of slavery, subsidizing European immigration appeared to be the best solution to maintain a constant labour supply. From 1888 to the 1930s more than 2 million immigrants arrived and around 58 percent of them were subsidized by the state of São Paulo (Vangelista 1982; Holloway 1980). In the nineteenth century Italians predominated, constituting 73 percent of all arrivals. Spaniards were also among the main beneficiaries of the Brazilian system. In

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24 For simplicity, I refer to Brazil though subsidized immigration only refers to the state of São Paulo.
27 The government in Sao Paulo had been experimenting with different systems of colonies and sharecropping since the 1870s. Witzel de Sousa (2018).
contrast, family connections and long-established networks explain why the flow of Portuguese occurred independently of the subsidies (Klein 1991). Trends of Portuguese emigration to Brazil are similar to Spain, however, with massive arrivals in the 1890s and in 1904-14. From 1900 to 1930 the nationality distribution became more diverse. Among the new arrivals, the most important group were the Japanese as from 1907.

International migration and international trade were closely connected in Brazil. Funds for immigration subsidies came from tax revenues on coffee exports. From 1892 to 1930, the government of São Paulo spent the equivalent of nearly US$ 37 million. However, this figure represented one-tenth of the tax revenue received from coffee exports by the state of São Paulo during the period. After 1900 the program changed to partial subsidies: the state paid a set fee and an annual limit of subsidized immigrants was established. The flat fee system was sometimes less than the full price of the passage, but it meant a considerable reduction in the travel cost (Carvalho Filho and Colistete 2010).

To qualify for a subsidized passage Europeans had to meet well-defined criteria of gender, age, and family structure. No other single country had such a detailed immigration policy as Brazil at the time, and for such a long period. Immigrants had to be agricultural workers and regions of origin in Southern Europe were carefully defined in their contracts. All immigrants who entered under a colono contract had to be in family units. Since the shipping companies had to repatriate non-suitable immigrants, they were strictly selected. The system gave the authorities control over which immigrants entered and over their occupation after arrival. From 1905 to 1929 spontaneous immigration, however, surpassed subsidized immigration. Internal migration and non-subsidized immigration increased in the 1920s and a growing opposition to the subsidies policy emerged. The policy of prepaid passages ended in 1928 and in the 1930s the program finished.

28 In the 1910s these non-subsidized European immigrants went more to the city of Sao Paulo than to the coffee areas. Vangelista (1982, chap.4)
Why did the system last so long? The coffee plantation was not able to generate a stable labour force. As the land of the old plantations became less fertile, planters moved to virgin lands in the frontier where they needed more workers. Simultaneously, older colonos, able to accumulate enough savings to buy land, established themselves as suppliers of food to the São Paulo urban market. At least one-quarter of the labour force needed to be replaced every year as thousands of colonos left the plantation to till their own plots, migrated to the cities or abandoned Brazil (Font 1987). The colonato system could only survive with a continuous flow of subsidized immigration.

Brazil had a relatively large native population. Native-born Brazilians, particularly in the Northeast, might have benefited from the labour demand in the Southeast and internal migrants could have supplied workers for the plantations. It seems unlikely that the transportation cost of bringing workers from one region to the other exceeded the cost of transporting thousands of workers from Europe to Brazil. Leff (1982) hypothesized that in the absence of subsidized overseas immigration, most of the Southeast labour supply would have come first from the region’s domestic agricultural sector and over time from the Northeast. However, former slaves refused to work in the plantations and Merrick and Graham (1979, pp. 85-90) argued that it was not so obvious that a substantial labour surplus existed in the Northeast, at least in the years after abolition. Given the rapid expansion in the coffee areas, an interregional labour transfer of such magnitude would have caused serious economic and political stress between the North and the South. The large distances within Brazil meant high transportation costs. Passenger railway services improved the efficiency of Brazilian labour markets by making labourers more geographically mobile. However, given the low levels of income, for many Brazilians even the train proved too expensive (Summerhill 2003, pp. 110-17). As in the United States, the First World War provided the definitive push to internal migration. Due to the shortage of overseas immigrants, the flow of workers from other parts of Brazil to the coffee areas started during the
war and grew relative to overseas inflows in the 1920s. In the short run, it seems that paying
subsidies to European workers was the only - and most rational- option.

We could hypothesize whether, without a large supply of European immigrants available
for the coffee plantations, Brazilian natives would have been better off. Leff (1973) argued that
Paulista planters would have been forced to offer considerably higher wages to native workers
potentially leading to a better income distribution, labour-saving innovations in agriculture, and
a more dynamic local market. Others argue that such a scenario would have reduced the
comparative advantage of Brazil over other coffee producers and would have eliminated the
positive externalities of exports. Given the existence of a frontier, European immigrants
“created” new jobs without displacing native workers (Merrick and Graham 1979). Quantitative
evidence analysed by Vidal Luna, Klein, and Summerhill (2016) shows a surprisingly high share
of national workers in the rural labour force in early twentieth-century São Paulo. Native
Brazilians represented 45 percent of rural workers and were present in two-thirds of coffee
estates. If Europeans displaced native-born workers they did so in a lower proportion than
previously believed.

Facing the abolition of slavery in the 1880s, Cuban sugar planters looked for a large
supply of wage labourers; contrary to what happened in Brazil, planters predicted a fall in wages
because of competition between former slaves and workers from Europe. During colonial times,
the Spanish government brought African slave labour to the sugar plantations and
simultaneously tried to “whiten” the Cuban population by attracting Spanish settlers. China
provided an alternative source of labour, namely 125,000 Chinese indentured workers, between
1847 and 1874 (Scott 1985, pp. 196-200). However, after Independence, the new policy
reflected a preference for permanent migration of families from Europe and the Canary Islands.
Cuba attracted 780,000 Spaniards between 1900 and 1930, a figure equal to almost half the
Cuban population in 1900 (Losada 1999). During the First World War, the Cuban government
temporarily allowed the entry of Chinese and black workers from the Antilles. As in the rest of
the continent, restrictions came in the 1930s; immigrants had to read and write Spanish and at least 50 percent of all business employees had to be native Cubans.

Latin American immigration policy was driven by labour market conditions (through indirect channels in the case of Argentina). Argentina and Brazil had non-selective immigration policies (particularly the latter) which could lead to the conclusion that Latin America received negatively selected immigrants. This representation is reinforced by the fact that Latin America attracted immigrants from the lower-wage areas of Europe. The next section will attempt to qualify this representation.

IV

Selectivity in migration flows is important when analyzing the performance of immigrants in the host country. Migrants do not constitute a random sample of the population from their countries of origin. According to the Roy-Borjas model, prospective migrants possessing skills that are highly valuable or scarce in the destination country are the most likely to migrate. Positive selection takes place when the destination economy displays a higher skill premium than the home country. Negative selection takes place in the opposite case. Selection could occur along a number of observable characteristics such as education, skills or wealth and other unobservable characteristics such as youth, energy and ambition.

According to Abramitzky, Boustan, and Eriksson (2012), migration to the United States was positively selected from some European countries (Germany and Great Britain) and negatively selected from others (Ireland and Italy). The same authors argued that the switch of emigrant sources from high-wage to low-wage European countries correlates with a decrease in the quality of immigrants (Abramitzky, Boustan, and Eriksson 2014). In Latin America, there was not a significant switch in emigrant sources and ethnic features were not correlated to skill levels; each community hosted a spectrum of occupations and skills (mostly unskilled) except for the small group of immigrants from Northern Europe, particularly

29 Roy (1951); Borjas (1987)
Germans and Swiss in Brazil. Traditional interpretation tended to extrapolate the economic backwardness of Italy, Spain and Portugal (measured in terms of *per capita* GDP and relative to advanced European countries) to emigration flows. But were Italian immigrants themselves poorer than Swedish or Irish immigrants? Were Northern Italians migrating to Argentina in the 1880s less skilled than the Scandinavian migrants travelling to the USA in the 1860s?

The question is twofold: (a) were immigrants to Latin America positively selected according to literacy? and (b) did immigrants to Latin America have higher levels of literacy than the native population?

Literacy rates were lower in sending Southern European countries compared with Northern Europe. However, comparing immigrants with total population of origin in Europe shows selectivity according to literacy. According to population censuses, only 26 percent of Spaniards over the age of 7 living in Argentina in 1914 were illiterate compared with 50 percent for the total Spanish population in 1910. Illiteracy rates in Italy were 38 percent in 1911, a percentage similar to that of Italians living in Argentina. However, Italian immigrants to Latin America came mainly from the North where, in 1901 the illiteracy rate was 33.9 percent, compared with 68.1 percent in the Mezzogiorno. In Portugal around 70 percent of the population was illiterate in 1910 compared with only 52 percent of the Portuguese in São Paulo. In Cuba, only 12 percent of Spaniards in 1899 were illiterate, while the Spanish census of 1900 shows that 57 percent of the Spanish population was illiterate. The proportion of literate Spanish immigrants arriving to the island remained high during the 1920s (Losada 1999).

Given the concentration of Southern European migrants from few regions and specific age cohorts, the comparison of literacy rates between immigrants and national populations is

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30 Argentinean censuses only distinguish foreigners according to nationality.
32 There is a sharp contrast between Spaniards from the Peninsula and Canary Islanders. The latter display the lowest literacy and numeracy rates of Spain and those who left were the least skilled. Juiff (2015).
inadequate. In the three main European countries of origin, the Northern regions, from where most immigrants were drawn, tended to be more literate than the South, particularly in Italy. Emigration rates from the South were lower in Spain and Portugal than in Italy so there was not a shift in regional origins. However, post-1880 Italian emigrants to the United States were more literate than the average in the South whence most of them came (Bertola and Sestito 2011). The selectivity of the transatlantic migratory flows seems to have been lower in Italy than in other countries, since the direct cost of migration (pre-paid tickets, remittances…) between Italy and the Americas was lower. The Height Gini inequality index, calculated by Stolz and Baten (2012), shows higher inequality in Spain compared with Italy which could explain the higher selectivity of Spanish migration.33 When immigrant literacy is compared with that of potential emigrants from regions of high emigration, the selectivity of the process appears quite clear for Spain and Portugal (Sánchez-Alonso 1995; Rodrigues 2003). The same picture of very low rates of illiteracy appears for Uruguay (Goebel 2010, tab. 5). The evidence suggests that Southern Europe lost human capital to Latin America.

Immigrants to Latin America had higher literacy levels than native populations (Rocha, Ferrraz, and Soares 2017). In 1895, 38 percent of foreigners living in Argentina were illiterate compared to 61 percent of natives. In Brazil and Cuba, the native populations, largely composed of black and mestizo groups, were less skilled than European workers. In Brazil immigrants’ skills and literacy levels were above those of native workers. Only 34 percent of immigrants older than 7 who arrived in São Paulo between 1908 and 1936 were illiterate compared with 73 percent of native-born illiterates in the state in 1920 (Klein 1996).

European emigrants were successful in the adjustment to labour markets in Latin America probably because of migrant selectivity. Latin American countries also offered greater possibilities for social mobility than the United States. This is particularly true in the case of

33 Portugal is not considered in their sample.
Italians (Baily 1999; Klein 1983) was among the first scholars to point out the extraordinary upward mobility for immigrants in Argentina from the first generation. Moya (1998) highlights the greater opportunities for newcomers to Buenos Aires when compared with more developed and industrial cities in North America. When mass migration from Southern Europe started, cities in the United States had larger, older, more powerful, and better-established sectors dominated by natives and older immigrants. In contrast, European immigrants were particularly successful in becoming owners of industries or commercial enterprises in Latin American cities.

Immigrants were successful in moving rapidly to a prominent position in Brazil’s socio-economic structure. Colonos had access to land where they could produce for their own subsistence and eventually for the market. This source of cash income enabled savings and social mobility (Font 1987 and 2010). Italian owners of rural property in the richest areas of São Paulo represented 14.3 percent compared to 3.6 percent of Portuguese (Holloway 1980, tab. 7). In Brazil, Spaniards did reasonably well in access to property in agriculture, despite the disadvantages in relation to education. They did not do so well in business, commerce and industry compared with Italians and Portuguese (Klein 1996). Spaniards enjoyed a privileged position in Cuba even after Independence; the probability of joining the ranks of white-collar workers was higher than in any other country.

In Argentina, Italian-born immigrants did extremely well in landownership. According to the 1914 population census, 25 percent of Italians aged 20 and over owned some type of property, a figure only slightly below native-born Argentine. In contrast, only 16 percent of Spanish immigrants owned property in 1914. Many Portuguese in Brazilian cities became school teachers, clerks and other semi-skilled professions but, again, the literature presents

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34 More recently, Miguez (1993).
35 See also Vidal Luna, Klein, and Summerhill (2016) for the emergence of an alternative agrarian economy of small and medium producers in Sao Paulo.
the Italians as the most successful group in access to property. The high rate of ownership for Italians, considered the archetype of temporal migrants, is striking.

Recent research proves empirically that it was the possibility of rapid social upgrading that made Argentina attractive for immigrants. Linking data for males across 1869 and 1895 census dates, Perez (2017) shows that first-generation immigrants experienced faster occupational upgrading than natives. These results contrast with recent evidence presented by Abramitzky, Boustan, and Eriksson (2014) for the United States where immigrants appear to have experienced similar rates of occupational upgrading to natives. Using passenger lists, Perez (2017) followed immigrants in Argentina from their arrival to the 1895 census. Occupational upgrading occurred for a large proportion of those who declared unskilled occupations on arrival; less than 25 percent of those who entered between 1882 and 1894 as unskilled workers were still in those occupations in 1895. Ferrie (1997) finds that about half of the immigrants arriving to the United States in the 1840–1850 period were still working as unskilled workers in 1860 (even excluding the Irish). Although Perez fails to explain why Argentina was a good place for immigrants’ social upgrading, his findings provide an economic rationale of why some Europeans chose Argentina as a destination over the United States. An analysis of a sample of marriage records combining data on occupation, property ownership, and literacy supports similar conclusions for Uruguay and immigrants are associated with the rise of a strong middle class (Goebel 2010).

In the United States, the traditional picture was that of immigrants who initially held lower-paid occupations than natives and converged over time. Recently, Abramitzky et al. (2014) showed that the average immigrant did not face a substantial occupation-based earnings penalty upon arrival and experienced occupational advancement at the same rate as natives. Long-term immigrants from sending countries with real wages above the European median held

36 Also, children of European immigrants displayed substantially better economic outcomes than those of the natives in literacy, occupations and ownership.
significantly higher-paid occupations than natives upon arrival, while immigrants from sending countries with below-median wages started out in equal or lower-paid occupations. There is also persistence over time in earning gaps.

Argentine and Brazilian historical censuses lack information on individual earnings or income. Researchers have used occupations to measure assimilation and earnings had to be imputed to different occupations from a variety of sources. Perez documents a very fast growth in occupational earnings among immigrants (6 percent faster than among natives) between 1869 and 1895. 37 For the city of Buenos Aires, Arroyo Abad and Sánchez-Alonso (2018) compared the labour market performance of Argentineans vis-à-vis the largest two immigrant groups, Italians and Spaniards, using a large and new data set for 1895 38. In this year and leaving aside the possible selection bias in the sample because of return migration, Italian and Spanish males received, on average, 80 percent of the average of native-born earnings. The weighted-average earnings for Italian and Spanish workers were very similar and, in some categories, such as crafts and services, immigrants obtained higher wages than natives (Arroyo Abad and Sánchez-Alonso 2018, tab.3) (See Figure 6). 39 However, clustering by occupation drives part of the differential average earning profiles between immigrants and native-born workers.

Empirical evidence of the role of ethnic occupational networks in Buenos Aires shows that if the concentration of established compatriots in a particular occupation and neighborhood increased by one percentage point, the probability of a new immigrant to follow that path would increase by eight percentage points.40

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37 Pérez (2017). Unfortunately, nominative records for the 1914 census were lost. The sample of the 1895 census could be biased due to selectivity in return migration since it is possible that the Baring crisis precipitated the return of those negatively selected. (See section I).
38 This is a cross-section comparison for 1895.
39Earnings were assigned to different occupations using Patroni (1897). Patroni provides information on urban occupations, wages and number of working days more detailed than Buchanan (1898) used by Cortes Conde (1979) and Pérez (2017).
40 Arroyo Abad and Sánchez-Alonso, (2018, tab. 8)
Figure 6
Relative average wages of Italian and Spanish workers by occupational category
(Argentines =1), Buenos Aires, 1895

If Spanish immigrants had the advantage of the language and higher literacy rates, why were Italians more successful in access to property and earnings? Italians had the first-mover advantage. In contrast with the United States, the Italians in Argentina were the first massive group of immigrants to arrive (Devoto, 2006). Early arrival and not having to compete with older, established immigrants mattered. The higher levels of affluence and prosperity of Italians in Buenos Aires were not based on superior earnings or skills but on older and denser networks. In contrast, Spanish immigrants had two important disadvantages: later arrival and a demographic structure with a growing number of families over time and higher rates of dependency. Consequently, a lower savings capacity proved to be an obstacle for higher social

Sources: See Arroyo Abad and Sánchez-Alonso (2018) for the imputation of wages to each category.
Notes: (0) Professional, technical; (2) Managers, officials and proprietors; (3) Clerical and kindred; (4) Sales workers; (5) Craftsmen; (6) Operatives; (7) Service workers; (9) Labourers.

41 In the 1880s the proportion of Italian arrivals to Argentina compared with Spaniards was 14 to 1.
mobility in the Spanish case. Emigration of Spanish families to Argentina shows an inverse trend compared with Italians. In 1895, more than half of Italians arrived in family groups, while this was the case for only 17 percent of the Spanish flow (Table 3). The average size of Spanish families was 2.3 compared with 3.4 members of Italian families. In 1913 the situation had reversed; more than 40 percent of the Spaniards arrived in family groups, a higher proportion than the Italians and of total immigration. It could be the case that the advantages that the Spaniards had in Argentina thanks to a common language, higher literacy rates, and cultural affinity, were counterbalanced by family immigration and a higher dependency rate than the Italians.

<table>
<thead>
<tr>
<th></th>
<th>Immigrants with family</th>
<th>Average size of the family</th>
<th>Immigrants without family</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>1895</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Spanish</td>
<td>16.8</td>
<td>2.3</td>
<td>83.0</td>
<td>11,288</td>
</tr>
<tr>
<td>Italians</td>
<td>56.7</td>
<td>3.4</td>
<td>43.2</td>
<td>41,203</td>
</tr>
<tr>
<td>Total</td>
<td>48.0</td>
<td>3.2</td>
<td>51.9</td>
<td>61,226</td>
</tr>
<tr>
<td>1913</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spanish</td>
<td>43.2</td>
<td>3.2</td>
<td>56.7</td>
<td>122,271</td>
</tr>
<tr>
<td>Italians</td>
<td>42.6</td>
<td>2.8</td>
<td>57.4</td>
<td>114,252</td>
</tr>
<tr>
<td>Total</td>
<td>41.5</td>
<td>3.0</td>
<td>58.5</td>
<td>302,047</td>
</tr>
</tbody>
</table>


European immigrants overall were successful in adjustment to Latin American labour markets. For Argentina, earnings and occupational upgrading have been documented for the first generation and immigrants’ children. Given the fact that immigrants were positively selected from their countries of origin according to literacy, it seems that selection played a role in successful performance in host labour markets. More definite conclusions, however, will have to wait for new data.

42 Taylor (1992) stressed the high dependency ratio of immigrants in Argentina compared with Australia.
In recent years, a large body of literature has proposed alternative explanations for the different levels of development between world regions. European colonizers and immigrants brought human capital and past differences in human capital largely explain current differences in economic development. Following this approach, some scholars have used immigrants’ presence (usually as an instrumental variable) to estimate the impact of European migration on long-run economic development. Linking immigrants’ human capital, proxied by literacy, to long-run economic and educational outcomes has been the focus of recent research for Brazil and Argentina.

The prevalent view is that Brazil attracted the poorest of the poor and the more ignorant immigrants from Europe because of its subsidies policy. However, research shows a positive impact of immigration on long-run development. Immigrants with higher literacy levels than natives and possibly with some previous experience in manufacturing, not only demanded more schooling, but were also able to take advantage of the industrialization process that started in São Paulo in the 1920s. Carvalho Filho y Colistete (2010) find a positive and enduring effect of the presence of foreign-born immigrants on the supply of public instruction in São Paulo. In Argentina, however, empirical results are different; areas with higher shares of European immigrants are associated with a higher number of private schools and a lower number of public schools pointing more to individual decisions of citizens than to educational policies because of immigrants’ demand (Droller 2017).

Scholars argued that early immigrants to official colonies in São Paulo were self-selected according to skills in contrast with the mass of relatively low-skilled immigrants arriving in the coffee frontier later. German colonies are the obvious candidate when looking for a positive

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shock in human capital and persistence over time. Germans not only had higher literacy rates than natives, but also compared with Southern immigrants. Immigrant farm labourers in São Paulo established their own community schools while simultaneously pressuring for public funding for public schools. The effects of early adoption of public instruction can be detected more than one hundred years later in the form of better test scores and higher income \textit{per capita} in the regions of São Paulo where immigrants settled (Carvalho Filho and Colistete 2010). Similar results are presented by Carvalho Filho and Monasterio (2012) studying the long-term consequences of the government-sponsored programs of European immigration to Southern Brazil before the Great War. State-sponsored settlements in São Paulo were created for food production for the growing urban areas but, contrary to the policy of subsidized mass migration, settlements were meant to attract high-quality immigrants through the prospect of land ownership in inhabited regions. Municipalities today closer to the original settlements have higher \textit{per capita} income, less poverty and better health and education outcomes. Average income \textit{per capita} in 2000 was 15 percent higher in those municipalities that had a state-sponsored colony early in the twentieth century. Long-run effects worked through higher supply of educational inputs and shifts in the structure of occupations toward skill-intensive sectors (Rocha, Ferraz and Soares 2017).

Recent studies, as Witzel de Souza (2018), show different results. The presence of German-speaking immigrants \textit{per se} did not show a persistent impact in the later accumulation of human capital in the state of São Paulo. Moreover, there is a negative effect on enrollment in 1872, to be interpreted as the opportunity cost of those immigrants working the land. German ethnic schools had a strong positive impact on enrollment for private and state schools in the short run (1910), but the effect of ethnic schools persisted only through spillovers and contagion to state schools. Others disagree and argue that the major explanation for educational

\footnote{Germans represented less than 8 percent of total immigration to Brazil between 1870 and 1940.}
performance in Brazil is export tax revenues to finance education at the state level rather than the impact of immigrants (Musacchio, Martinez-Fritscher and Viarengo 2014).

Stolz, Baten, and Botelho (2013) assess the impact of European immigrants for the whole country instead of focusing only on São Paulo. With a new sample for human capital endowment (numeracy) of nineteenth-century mass migrants, they showed that international migration had a positive effect on the stock of human capital in Brazil. Increases in numeracy are positively correlated with immigration, even after controlling for educational expenditures at state level. They conclude that human capital grew more in those states where most immigrants arrived and the long-run effect on real GDP per capita in the year 2000 is significant.

Mass immigration in Argentina pushed the government to invest in education, raising the levels of education of immigrants’ children. In 1884 primary education became compulsory and free. The growing number of foreign schools gave the definitive push to use primary education to transmit national values to immigrants’ children. Literacy rates increased in Argentina from 36.8 percent in the 1880s to 71.3 percent in the 1920s. Natives and second-generation immigrants became more literate than their parents.

As in Brazil, recent research has focused on long-run consequences of European immigration in Argentina. Droller (2017) shows that counties with historically higher shares of European immigrants had higher per capita GDP and a greater proportion of skilled workers in 2001. This long-run effect is linked to the higher level of human capital of immigrants and to the fact that Europeans also brought skilled-labour for industry.

Finally, we could speculate about whether immigrants add special skills or entrepreneurial capacities to the local labour force. European immigrants in Latin America seem to have been over-represented among proprietors of industrial and commercial firms. Immigrants accounted for disproportionately large shares of the workers in São Paulo and Buenos Aires manufacturing industries. Germani (1955) stressed the exceptional contribution of immigrants and their children to the development of an entrepreneurial class in Argentina. Dean
argued that immigrants and their children played an important role as entrepreneurs in the industrialization of São Paulo and for the modernization of the rural sector. Leff (1997, pp. 58-60) argued that immigration was not a sufficient condition to promote development in Brazil. Without important economic changes, such as the emergence of an internal labour market and the expansion of railways, industrial development would never have kicked off. These changes did not depend on the arrival of European immigrants. If overseas immigrants had not been available, the supply of labour for the growing demand of industrial workers in São Paulo could have come from domestic sources. However, Pereira’s inquiry into the ethnic origins of the founders of industrial establishments in São Paulo revealed that first and second-generation Italians constituted the largest single ethnic group, even in comparison to those whose grandparents were natives (Pereira 1974, pp. 70-75).

Generally speaking, new research presents evidence of path-dependency linking past immigrants’ human capital and present outcomes in economic development without fully explaining the mechanism of persistence. The impact of immigration in those areas with higher shares of Europeans appears to be important since immigrants demanded and created schools (public or private). Research has focused on Brazilian colonies but additional research in Argentina, where immigrants were more homogeneous in literacy levels, would improve our understanding of the immigration impact in the long run. European immigrants in Latin America also had a positive impact on economic growth in the short run (as entrepreneurs and industrial labour force).

VI.

Much has been written on the international mass migration of Europeans and some efforts have been made to balance the traditional Anglo-Saxon bias in migration history. This survey has focused on immigrants to Latin America: whether they were positively or negatively selected, their social and economic assimilation to destination labour markets, and the impact

45 Also, Merrick and Graham (1979) pp. 324-332
of immigration policies. Poor and scarce data have been traditionally blamed as the major obstacles facing research in Latin America. Recent literature shows, however, that researchers are either using new quantitative evidence or exploiting available data in a different way. The most revealing aspect of new research is that it shows the positive long-run effects of European immigrants in Latin America, particularly in human capital accumulation. Likewise, recent research shows that it was the possibility of rapid occupational upgrading that made Latin America attractive for immigrants.

Immigrants came from the economically backward areas of Southern and Eastern Europe. Yet, migrants to Latin America were positively selected from their countries of origin according to literacy. This is particularly the case of Southern European countries, but more research is needed on other migration flows such as Eastern Europeans or Japanese in Brazil. Literacy rates, and probably skills, were higher among immigrants compared with the population of origin. Despite non-selective immigration policies, Latin American countries received immigrants with higher levels of human capital than native populations. Immigrants’ adjustment to host labour markets seems to have been successful, particularly in access to property and in the large share of owners in industry and commerce. Italians’ success in Argentina in relation to that of Spaniards suggests that other factors may have played a role: an early arrival, the large size of the community, their ability to create efficient occupational and social networks, and possibly a favorable demographic profile in the immigration flow. However, almost all European communities experienced a strong and fast upward social mobility in the destination countries. Whether this was because of positive selection at home or because of the relatively low skill levels in the host societies is still an open question.

We cannot conclude about positive or negative selection of returned migrants. For Italians, as in other New World countries, a consensus exists that return migration was a planned life-time strategy for improving living standards at home; in such a case, Italian
returnees cannot be considered failures. Unfortunately, nothing definitive can be said about those returning to Portugal and Spain.

Transport subsidies and the peculiarities of the *colono* contract in the coffee areas seem more important explanations than real wage differential to understand how Brazil competed for workers in the international labour market. The Brazilian experience deserves new research in three areas: the impact of subsidies in releasing poverty constraints from Southern Europe, *colono* contracts from a new institutional economics perspective, and real wages for São Paulo rural areas that would clarify how elastic was the labour supply from Southern Europe. Discussing the Lewis model with the available evidence has focused on two factors. First, labour supply increased faster than the number of workers needed for the coffee expansion because of subsidies and second, that labour markets in São Paulo were segmented and European immigrants supplied only a fraction (though substantial) of the total labour force needed for the coffee plantations. The internal supply of workers became increasingly important and must be included in the total labour supply. Finally, the political economy of immigration policies calls for new research, particularly for Brazil and Cuba, since the case of Argentina shows a more complicated story than the classic representation of landowners constantly supporting an open-door policy. Recent research is showing that Latin America deserves to be incorporated to the debates on the economic and social impact of historical immigration.
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