

Making sense of immigration policy: Argentina, 1870–1930¹

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The aim of this article is to disentangle the different forces that shaped Argentinian immigration policy from 1870 to 1930. A new index of immigration policy is presented, showing how immigration restrictions increased over time but, in contrast with the US, Argentina remained open to mass migration until the 1930s. The quantitative evidence presented here suggests that there were economic reasons to restrict immigration prior to the 1930s, namely rising inequality, the closing of the frontier, and the declining relative quality of immigrants. A political economy interpretation helps to understand the long-run evolution of immigration policy. Labour interests could not be translated into Parliament in a direct way. A large share of workers did not have the right to vote simply because they were foreigners. Inequality influenced immigration policy through social unrest since those negatively affected by massive immigration developed alternative actions: general strikes, labour unrest, and violence. Contrary to what economic theory would have predicted, anti-immigration legislation came from Argentinian capital and landowners who feared political and social unrest.

Immigration policy in the world during the age of mass migration evolved from a relatively widespread open door policy around the 1860s to a final closing down during the First World War and the 1920s. Market forces were important in this policy shift: as labour became more abundant in the New World, real wage growth slowed down, and income distribution differences widened. Political variables also played a role in shaping national immigration policies as a result of nation building, interest groups, and different degrees of representative politics.

This article focuses on Argentina since it is a relevant case study among New World countries before 1930. Argentina was second only to the US in number of immigrants, and in no other country did immigration have such an impact compared to the size of the native population. The conventional representation found in Argentinian history is that, in spite of growing concerns about immigration, policy did not change substantially from the 1890s to the 1930s. While the government subsidized European immigration for a very short period of time in the late 1880s, during the period considered here immigrants arrived in massive

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numbers without any subsidy. On the eve of the First World War, the government approved entry restrictions for those considered politically dangerous, but historians argue that the country remained open to international migration during the entire period. Some economic historians, however, maintain that Argentina followed the general trend of gradual closing adopted by the New World countries after the 1870s. According to this view, immigration policy had switched around 1900 and Argentina is represented as a restrictive country in the following period.²

This article argues that pro-immigration policy was a strong and persistent long-run force in Argentina. However, this trend coexisted with a retreat from a totally open policy from the 1870s onwards. Different forces pushed in opposite directions: there were economic reasons to impose restrictions on massive immigration but the political power of those who benefited the most from the influx of foreign labour kept restrictions moderate. The aim of this article is, therefore, to disentangle the different forces that shaped Argentinian immigration policy from 1870 to 1930. If there was an economic rationality for closing the door to large numbers of immigrants, why did Argentina not follow the United States during the 1920s? If, on the contrary, Argentina was a classical case of a country dominated by pro-immigration policy interests (that is, land owners), why did restrictions increase over time?

Section I summarizes the standard views found in the literature regarding Argentinian immigration policy. A carefully constructed new index of immigration policy based on detailed legislation is presented. Quantifying policy is a difficult task and there is always room for discussion since no theoretical model can be followed. Therefore, section II discusses different theoretical explanations for immigration restrictions and evaluates how they fit into the Argentinian historical experience. Section III adds a political economy explanation of the evolution of immigration policy. Section IV presents the quantitative relationship between the new immigration policy index and some variables intended to capture the different forces influencing policy. Section V concludes.

The quantitative evidence presented here suggests that there were several economic reasons to restrict immigration in Argentina prior to the 1930s; in particular, the closing of the frontier, rising inequality, and a declining demand for labour as population grew. However, economic forces pushing for restriction acted through an indirect channel. In a completely different institutional background than the US, Argentinian policy makers were dominated by pro-immigration interests. The unskilled labour force was overwhelmingly composed of foreign workers who could not participate in politics; they formed a *de facto* powerful political force together with unskilled native workers (who in turn had very low electoral participation rates) and developed a very radical labour movement. Those hurt most by massive immigration and increasing inequality could not change policy in Parliament. However, their voice was heard loudly through massive strikes and labour unrest. This article highlights how inequality may affect immigration policy through social unrest. The fear of political and social turmoil ultimately led those who controlled Parliament and had more to gain from an abundant labour supply to introduce immigration restrictions.

² Timmer and Williamson, 'Immigration policy'.

I

Argentina is traditionally represented in the literature as a country open to mass immigration up to the 1930s. Argentina competed with Brazil (and to a certain extent with the US) for immigrants from the same southern European pool and developed a different immigration policy than Canada and Australia.³ The standard view is that despite an increase in some regulation of arrivals during the twentieth century, Argentina had a de facto open door policy that attracted masses of immigrants.

Classic assessments of economic growth in Argentina before the First World War stressed the role of liberal policies towards trade and migration and the openness to capital and labour during the *belle époque*. Historians emphasize the fact that liberal policies remained almost unchanged despite many attempts to restrict the immigration flow and all the official rhetoric on the need to select high quality immigrants.⁴ Taylor's research into the reasons for Argentina's relative economic decline compared to Australia concluded that different migratory policies (selective in Australia versus non-selective in Argentina) attracted different types of immigrants, thereby creating long-run economic and demographic consequences.⁵ Others claimed that immigration policy in Argentina was irrational and short-sighted because of the absence of restrictions.⁶ The persistence of an open immigration policy is commonly explained as a result of the political power in the hands of the *latifundistas* and urban capitalists, while in the US complaints from the median voter (the urban unskilled or semiskilled worker) finally resulted in restrictions on immigration.⁷

In Argentina the need to increase the population in order to exploit the country's abundant natural resources was a strong element in the nation-building process. The 1853 Constitution established a long-lasting legal framework entirely friendly to European immigration.⁸ According to the Constitution and the subsequent legislation (the 1876 Law of Immigration and Colonization), foreigners enjoyed basic civil rights such as freedom of association, movement, private property, profession, and religion, among others. Immigrants were exempted from compulsory military service and they could vote in municipal elections. Naturalization was easy and the requirements were low.⁹

At the turn of the twentieth century ideas about the positive influence of immigrants had changed. Foreigners arrived in huge numbers; they crowded the cities and some of them became a threat to social order when they proved to be

³ Canada and Australia's special relationship with imperial Britain conditioned immigration policy. Australia was too far from Europe and had to subsidize the cost of the passage; Magee and Thompson, *Empire*, pp. 72–8. However, after the 1890s crisis immigrants could be required to pass a language test in any European language under the Immigration Restrictions Act of 1901 which gave customs officers the power to exclude all non-Europeans. This became the cornerstone of the so-called White Australia Policy. Brazil developed a very particular immigration policy with generous subsidies to foreign workers after the abolition of slavery.

⁴ Díaz Alejandro, *Essays*, ch. 1; Devoto, 'El revés', pp. 282–6; idem, *Historia de la inmigración*, ch. 5.

⁵ Taylor, 'External dependence', and idem, 'Mass migration', urged further research on the implications for long-run economic growth of the open door immigration policy followed by Argentina.

⁶ Solberg, *Immigration and nationalism*, pp. 170–5.

⁷ Hatton and Williamson, 'Dual policy paradox', pp. 220–30.

⁸ Argentina never instituted discriminatory policies against a particular foreign group (as the US did with the Chinese) but always showed a positive preference for European immigrants; Cook Martín and Fitzgerald, 'Liberalism', pp. 12–15.

⁹ Castro, *Development and politics*.

very influential in the radical labour movement. Since immigrants kept their nationalities of origin, a strong nationalistic ideology developed around the 1910s, stressing the belief that foreigners poorly assimilated national values. Nevertheless, immigration policy proved very difficult to change. Between 1899 and 1923 three bills and 36 proposals initiated by members of Parliament failed to change the 1876 law.¹⁰ On the eve of the Great Depression the government had managed to introduce mild restrictions and more administrative controls on arrivals (particularly for those considered politically dangerous, such as anarchists). Nevertheless, scholars concur with the view that Argentina kept a liberal immigration policy up to the early 1930s.

This traditional representation of Argentina as a country open to immigration sharply contrasts with other explanations of the evolution of immigration policy in the global labour market. In an influential article, Timmer and Williamson hold that immigrant countries in the New World started closing the doors to foreign workers as early as the late nineteenth century.¹¹ The US did not suddenly close the door during the 1920s; restrictions had been cumulating over a longer period. Argentina, Australia, Brazil, and Canada followed the same trend. The massive movement of labour across the Atlantic caused a reaction against unrestricted immigration. Unskilled native-born workers gradually increased their political influence and finally managed to change policy. In Latin America, policies often took the form of an enormous drop in—or even the disappearance of—large immigrant subsidies rather than an outright exclusion. Therefore, these authors seem to agree that Argentina followed the global trend of increasing restrictions to massive immigration.

Timmer and Williamson designed an immigration policy index (hereafter the T&W index) for five countries in New World destinations: Argentina, Australia, Brazil, Canada, and the US. Their index is coded for each country with values from +5 to -5. A positive score indicates a set of policies that are strongly pro-immigration; a negative score reflects policies that are strongly anti-immigration; and a zero score reflects a neutral policy. According to the values in the T&W index, Argentina was a restrictive country from the late 1890s onwards (displaying even lower values than Australia) and very much in line with the US up to 1914. In spite of the fact that no other country had a higher political participation than the US, the two countries experienced a very similar drift away from free immigration.

Since this representation conflicts directly with the conventional view, the question is whether the T&W index for Argentina misinterprets immigration policy. To help answer this question this article presents a new index (hereafter the NEW index) carefully grounded in Argentinian legislation on immigration. The NEW index tries to measure the intentions of immigration policy as viewed by the government, rather than by prospective immigrants to Argentina. The goal here is to capture political intentions (institutional settings) rather than policy outcomes or consequences. The index, therefore, captures the tendency towards more or less open immigration rather than the effectiveness of the legislation. The values in the

¹⁰ República Argentina, *Diario de Sesiones*, 1909, vol. I, pp. 190–2; 1916, vol. II, pp. 1651–64; 1918/19, vol. V, pp. 581–3; 1922, vol. V, pp. 345–52; and 1923, vol. IV, pp. 677–8.

¹¹ Timmer and Williamson, 'Immigration policy'.

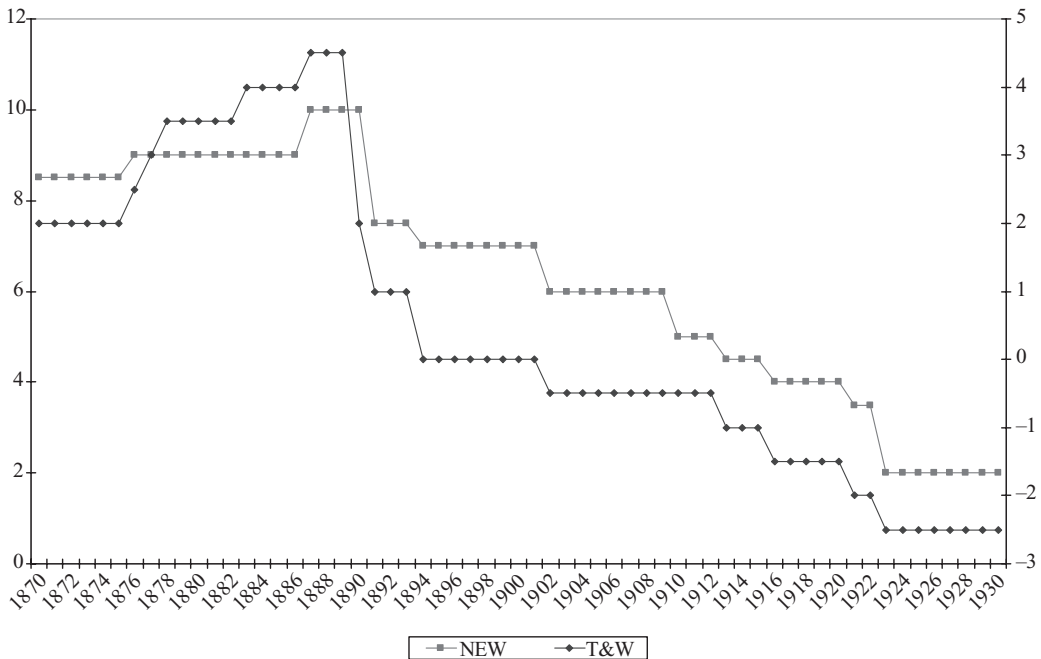


Figure 1. *Indices for Argentina immigration policy, 1870–1930*

Sources: For the NEW index (left scale), see online app. S1; for the T&W index (right scale), Timmer and Williamson, 'Immigration policy'. I am grateful to Jeffrey Williamson for sharing his original data with me.

NEW index range from 0 to 10, the latter being a totally open immigration policy (a detailed account of the criteria used for coding legislation is presented in online appendix S1).

Figure 1 presents the two indices. Both show the same trend in the long run: immigration policy became more restrictive. The NEW index nonetheless shows a milder restrictive profile: before 1914 there was a moderate retreat from openness, and restrictions increased during the 1920s. In the NEW index, values from 5 to 10 (pro-immigration policies) are maintained up to 1912, while the T&W index presents values lower than 0 (strongly anti-immigration policies) from 1902 onwards. The largest discrepancy between the two indices appears in the 1890s. Timmer and Williamson considered that the sudden disappearance of large immigrant subsidies after 1890 should be depicted as a major anti-immigration policy shift. Consequently, their index drops sharply: a three-point fall. The NEW index, on the contrary, reflects that the disappearance of subsidies to European migrants was neither the result of any deliberate intention to close the door nor the response to any pressure exerted by the native population or any particular social group in opposition to massive immigration. The end of subsidies was a consequence of the 1890 financial crisis. Argentina had started subsidizing immigration from Europe in the late 1880s.¹² The subsidies policy was short-lived, lasting only from 1887 to 1889. The financial crisis of the 1890s (the Baring crisis) left the government with

¹² Brazil started subsidizing immigration in the same years. This explains why the Argentinian government thought that they had to compete for European workers; Sánchez-Alonso, 'Other Europeans', pp. 405–7.

no funds and the subsidies programme was completely abolished in 1891. The reason the programme ended was the government's financial hardship, rather than a deliberate decision to restrict immigration.¹³ Thus, the NEW index shows a moderate drop after 1890.¹⁴ After the 1890s crisis, the government did not resume the subsidies programme simply because immigrants arrived in large numbers without any official help. The disappearance of subsidies was simultaneously counterbalanced with a substantial increase in the number of consulates in several countries in Europe.¹⁵ The Argentinian government quickly learned that it was possible to attract labour without subsidizing the trip from Europe: high wages, high demand for unskilled labour, and lower travel costs over the long run did all the work.

The NEW index shows other minor discrepancies for the period 1900–14 (see online appendix S1). Scholars consider the 1902 Residence Law and the 1910 Law of Social Defence as anti-immigration legislation since it allowed the executive to deport foreigners involved in political activities. However, it is not easy to classify this legislation as a simple anti-immigration policy.¹⁶ Nevertheless, following the conventional approach and for reasons elaborated in section III, the NEW index presents lower values. The most serious attempt to introduce a restrictive legislation replacing the 1876 law came in 1923, when the government submitted a bill to Parliament that was very similar to the 1921 American Immigration Act (although with no national quotas). The bill was rejected and the government finally enacted an administrative decree recovering some regulations established during the First World War and incorporating restrictive changes into the 1876 law.¹⁷ The 1923 decree gave immigration officials extraordinary powers to decide who was admitted. According to Devoto, the officials were slack in the application of the requisites for entry.¹⁸ Economic growth in the last years of the 1920s seems to provide the explanation for this very flexible immigration control.

To sum up, the NEW index presents a trend in the evolution of immigration policy in Argentina similar to that depicted by the T&W index. However, the overall picture is one of much milder restrictions throughout the period. The disappearance of subsidies did not represent a major anti-immigration policy shift,

¹³ The disappearance of subsidies was likely to have a direct effect on the costs and benefits of migration as viewed by the prospective immigrant, but the new index intends to measure intentions of immigrant policy from the point of view of the Argentinian government.

¹⁴ Fewer than 2% of the 6.5 million immigrants to Argentina between 1840 and 1930 benefited from the short-living subsidies. Brazil kept a long-lasting programme and over 70% of immigrants arrived with paid passage; Leff, 'Economic development'; Holloway, *Immigrants on the land*, pp. 44–50. Australia had an assisted migration programme throughout the period, which was more or less generous according to economic conditions at home.

¹⁵ Cook Martin, 'Proactive recruitment', pp. 16–18. In the early 1880s there were 35 consular offices in Spain; by 1904 the number rose to 56; and in 1933 there were still 42 consulates in Spain. Similarly, by 1895 Argentina had 30 consular offices in Italy; by 1910 this number increased to 42; and by 1933 there were about 25 consulates. In no other European countries did Argentina have as many consular offices, with the exception of Britain (which was a source of capital investment).

¹⁶ The US Congress passed legislation in 1903 and 1907 denying entrance to immigrants who held anarchist beliefs; Jensen, 'United States', p. 34. Timmer and Williamson, 'Racism', app., did not consider this legislation a restriction on immigration.

¹⁷ Modifying the law by administrative decrees was the norm in Argentinian immigration legislation. The 1876 Law of Immigration and Colonization remained in force until 1981; Albarracín, 'Selecting immigration', p. 173.

¹⁸ Devoto, 'El revés', pp. 282–6. In 1923 only 1,963 immigrants were not admitted; in the second half of the 1920s the number of immigrants turned away stabilized at around 400 per annum; Asdrúbal Silva, 'Legislación y política', p. 68.

but rather government financial constraints after the Baring crisis. Argentina did not follow the lead of the US after the First World War and, in comparative terms, kept relatively low barriers of entry for European immigrants. Globalization forces may explain the trend in immigration openness, but not necessarily the *level* of restrictions prior to the 1930s.

It is worth stressing that any attempt to capture policy changes in a quantitative index is subject to judgment differences in assigning values, since there is no underlying model or theory. In order to make sense of Argentinian immigration policy, the next section will try to answer the following questions: is there a rational explanation for an increase in immigration restrictions over time? Were there economic fundamentals explaining the evolution of immigration policy? Was the government trying to maintain the position of unskilled labour relative to that of landowners or industrialists? How do we explain the increase of restrictions since major landowners and capitalists dominated Argentinian politics? Did immigrant origin or quality change over time, generating a demand for restrictions? Why did Argentina not follow the US in closing the doors during the 1920s?

II

There are several basic findings in the economic history literature explaining changes in immigration policy prior to the 1930s, over time and across countries. First, an increase in inequality might provoke restrictions since immigration affects the relative price of production factors through the skill premium and through the rent–wage ratio. Second, unemployment increases the demand for the door to be closed. Third, excessive numbers of immigrants and changes in immigrants' origins can raise hostile and xenophobic reactions from the native-born population. Fourth, concentration of land ownership, political institutions, and the extension of the suffrage all shape immigration policy in one way or another.¹⁹ How do these explanations fit in the Argentinian case?

The distributional impact of international immigration has been confirmed for the age of mass migration, since inequality increased in the receiving countries.²⁰ The deterioration of the relative position of unskilled wages relative to the average income or, more directly, relative to land rents might have been quite a powerful reason to change immigration policy. The Heckscher–Ohlin model predicts what scholars have documented on the consequences of the first globalization for inequality.²¹ For land-abundant and labour-scarce countries, such as Argentina, an export boom in agricultural goods raises the relative demand for land and the wage–rental ratio falls; as land is more unequally distributed than labour, inequality will rise.

As in the rest of the New World inequality increased in Argentina from 1870 to 1930. Figure 2 shows the main trends in the evolution of inequality and the NEW immigration policy index. A redistribution of income at the expense of workers took place up to the First World War. Thus, increasing inequality seems to be

¹⁹ Foreman-Peck, 'Political economy model'; Goldin, 'Political economy'; Timmer and Williamson, 'Immigration policy'.

²⁰ Williamson, 'Globalization and inequality'.

²¹ Williamson, 'Land, labor, and globalization'; Prados de la Escosura, 'Inequality and poverty'.

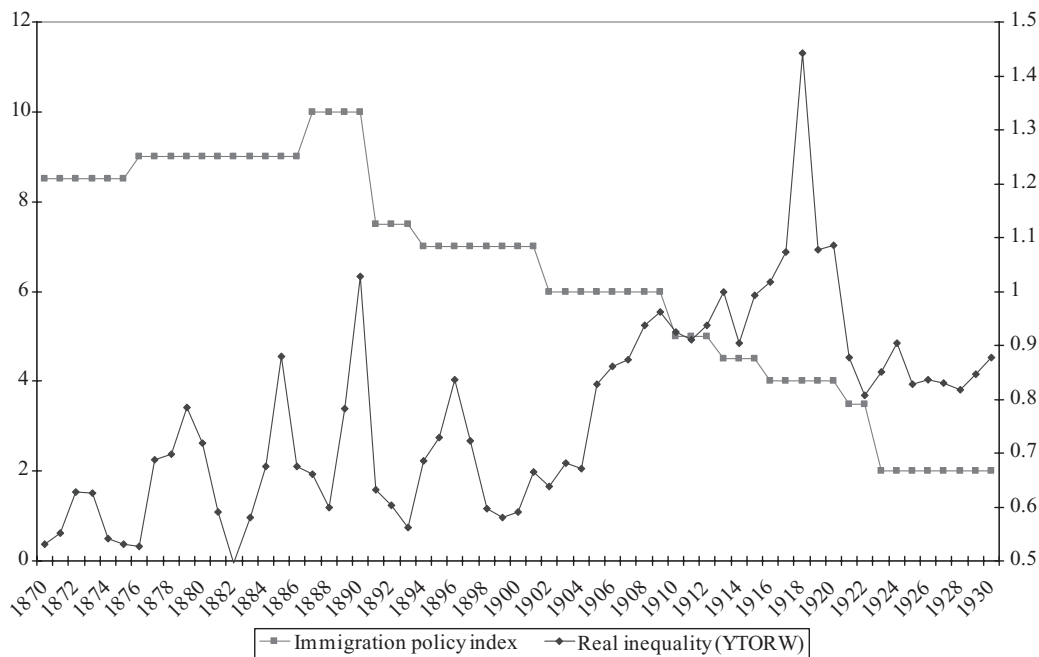


Figure 2. *Immigration policy index (left scale) and real inequality in Argentina, 1870–1930*

Note: YTORW: see app. I.

Sources: Online app. S1 and app. I.

associated with a more astringent immigration policy, even though during the interwar years a reduction in inequality ran parallel to a restrictive policy.

After the 1880s a massive extension of land was incorporated into the national economy in Argentina. Land was of high quality and was virtually empty, so an open immigration policy was explicitly linked to the expansion of the frontier. Labour (and capital) was needed in order to exploit the abundance of land. Land values increased rapidly, and, consequently, the flow of immigrants into the rural areas could not buy land and became tenant farmers. Solberg stressed the fact that land policy in Argentina resulted in a small number of landowners with large estates and, therefore, high wealth inequality.²² In both seasonal and year-round labour markets circumstances changed in favour of landowners during the first decade of the twentieth century. Labour scarcity evaporated and the amount of arable land stabilized. Competition among workers drove up the cost of leasing and drove down wages.²³ The existence of a frontier up to 1914 therefore seems linked to increasing inequality. Simultaneously, the closing of the frontier could be related to a gradually less open immigration policy. Figure 3 shows that this seems to have been the case in Argentina.

²² Criticism in Solberg, *Prairies*, of land policy has been very much qualified by Gallo, *La pampa gringa*; Cortés Conde, *El progreso*; and Adelman, *Frontier development*. However, all of them argued that the lack of capital and agricultural knowledge made it advantageous for immigrants to become tenant farmers and share the risks with the landowners.

²³ Adelman, *Frontier development*, pp. 144–5.

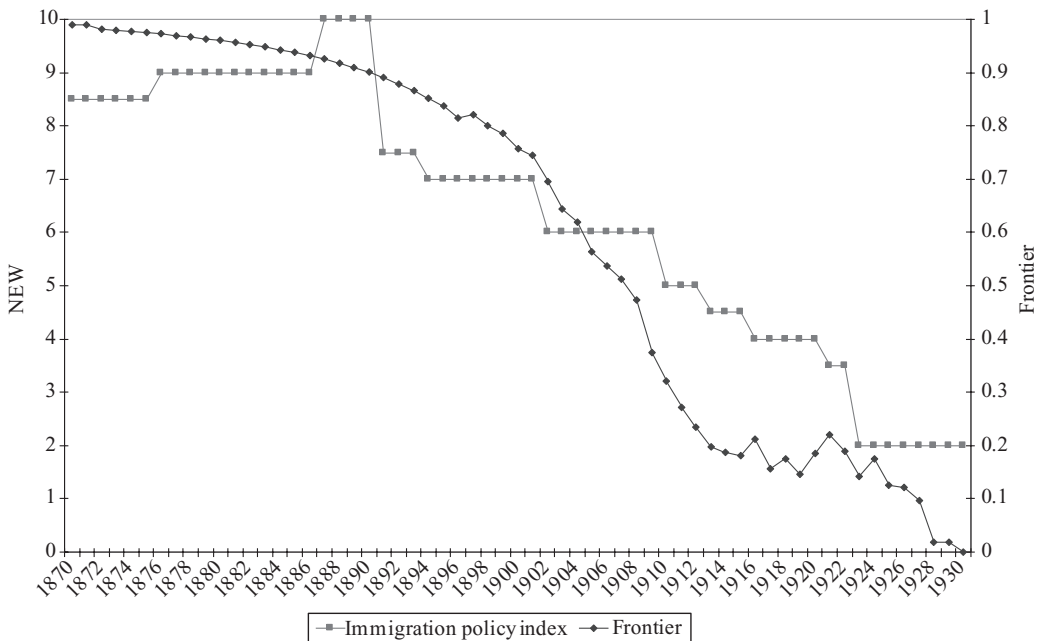


Figure 3. *Immigration policy index (left scale) and the frontier in Argentina, 1870–1930*

Sources: As for fig. 2.

The Lewis labour surplus model also provides an explanation of rising inequality in Argentina. The average worker fails to share in GDP growth because the elastic supply of labour keeps wages and living standards stable. Wage earners, particularly unskilled workers, lose as a result of immigration, as the labour force grows and wages decrease, while owners of land and capital (also owners of skills) gain from the more abundant labour supply.²⁴

Real wages in Argentina grew substantially from 1870 to 1930 as labour demand expanded.²⁵ The impact of migration on the Argentinian labour force was the highest among the New World countries given the small size of the population around the 1870s. In a counterfactual scenario of no immigration between 1870 and 1910, Argentinian real wages would have been 21 per cent higher.²⁶ Over time, demand for restrictions might have grown among native-born workers competing with immigrants. Therefore, we can assume that had Argentina introduced restrictive policies similar to those in the US the growth of real wages during the 1920s would presumably have been higher.

A further consideration is whether immigrants are a complementary or substitute labour force. More unskilled immigrants might increase the skill premium on the wages of the local labour force; therefore, the reaction of native workers to

²⁴ If, however, labour demand increases enough to offset the immigration impact on labour supply, it might be the case that wages do not decrease (or increase very slightly) as a result of massive immigration. This seems to be the case in Australia where wages actually increased with immigration; Pope and Withers, 'Wage effect'.

²⁵ Williamson, 'Real wages'. Real wages in Argentina were 207.7% relative to a weighted average of Italy, Portugal, and Spain (100) in the 1870s and 212.1% in 1909–13.

²⁶ Taylor and Williamson, 'Convergence'.

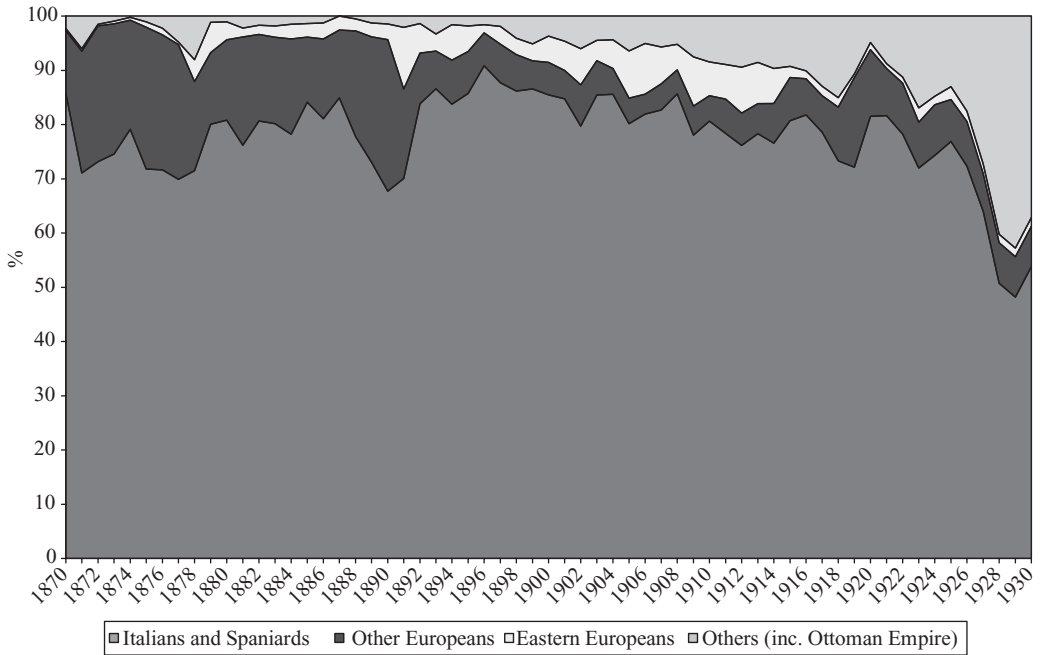


Figure 4. *Immigration composition by origin, 1870–1930 (main groups) (%)*
 Sources: App. I.

restrictions might be different according to the immigrants’ and their own skills. The traditional view assumes that Argentina received masses of unskilled workers from southern Europe. The majority of the native labour force was also unskilled. However, skills increased over time, both in southern Europe and in Argentina, so in order to understand the reaction of native workers to immigrant labour we should think in relative terms. Competition in the labour market between natives and immigrants is, therefore, related to the ‘quality’ of the immigrants in relative terms.

‘Quality’ of immigrants is usually proxied by literacy rates and wages.²⁷ For the US, it has been argued that the switch of emigrant sources from high-wage to low-wage European countries correlates with a decrease in the quality of immigrants; the Dillingham Commission reached that conclusion before 1914.²⁸ Change in immigrants’ origins was related to a drop in quality and, consequently, to an increase in the demand for restrictions.

In the case of Argentina, there is no dramatic change in source countries over time (figure 4). Before 1914 national origins of immigrants were broadly the same. Argentinian immigrant communities did not split into inter-ethnic rivalries as North American immigrants did. Nor were ethnic features correlated to skill levels; each community hosted a spectrum of occupations and skills (the majority of them unskilled), with the exception of the small group of ‘old immigrants’ from northern Europe. Italians and Spaniards—the former in larger proportions—systematically

²⁷ Unfortunately, lack of data prevents us from exploring the impact of immigration on the skill premium since we cannot differentiate between skilled and unskilled wages for such a long period of time.

²⁸ Hatton, ‘How much’, pp. 510–11.

accounted for more than 70 per cent of the migration flow. The low numbers of immigrants from northern Europe (Ireland, France, Germany, and Switzerland) decreased over time, east Europeans (mainly from Russia) reached quite substantial numbers before the First World War, and new groups such as citizens from the former Ottoman Empire appeared in the 1920s. We therefore need to analyse whether there was a decreasing trend in the quality of Latin immigrants (Spaniards and Italians) over time.

Literacy rates were lower in southern Europe compared to the north, but there was a general upward trend in literacy from the 1870s onwards and the rise was particularly intense in the 1920s. Immigrants from Italy and Spain were more literate in the 1910s and the 1920s than in 1870 because of growing literacy rates at home. New immigrants might have had low levels of literacy and skills, however, particularly those coming from the Middle East. Immigration statistics show that 42 per cent of newly arrived immigrants were illiterate in the year 1914. In the 1920s illiteracy rates among immigrants dropped to 18 per cent, in spite of higher numbers of 'new immigrants'.²⁹

What happened in relative terms? In 1884 primary education became compulsory, secular, and free, as education became a priority for the Argentinian government. Massive immigration and the growing number of foreign schools gave a definite push to use primary education to transmit national values to the children of immigrants and to reinforce national cohesion. Literacy rates increased from 36.8 per cent in the 1880s to 71.3 per cent in the 1920s.³⁰ In the city of Buenos Aires the 1914 census shows that 80 per cent of the population older than 14 were literate.³¹

The extraordinary growth in the literacy rates of the resident population in spite of the massive inflow of immigrants seems to support the idea that Argentina opted for raising the levels of education of the immigrants' children instead of restricting the flow of low quality immigrants. Natives and second-generation immigrants became more literate than their foreign parents, so immigrants' relative quality decreased in the long run (figure 5). The Argentinean Constitution was designed to attract European workers in the belief that they possessed qualities superior to those of the native population and hence would be a civilizing influence; in the early twentieth century after the massive inflow of immigrants, this perception was reversed and the image of native workers was vindicated at the expense of the Europeans. During the next decade many intellectuals came to agree that immigrants were generally of low quality. Alejandro Bunge wrote in 1914 that 'our immigration barely possessed the minimum capacity and knowledge that one might expect of civilized men'.³²

It can be argued that, despite the official rhetoric, the quality of immigrants never caused concern in Argentina as much as it did in the US. The 1917 Literacy Test in the US might have shown the Argentine government how to select higher quality immigrants (Australia had a dictation test from 1901). If a literacy test had been administered in Argentina after the First World War, the flow would have been

²⁹ Dirección General de Estadística y Censos, 'Movimiento general'; Dirección General de Inmigración, *Resumen*.

³⁰ Bunge, *Una nueva Argentina*, p. 32.

³¹ República Argentina, *Tercer Censo Nacional*, vol. III, ch. 5.

³² Quoted in Solberg, *Immigration and nationalism*, p. 152.

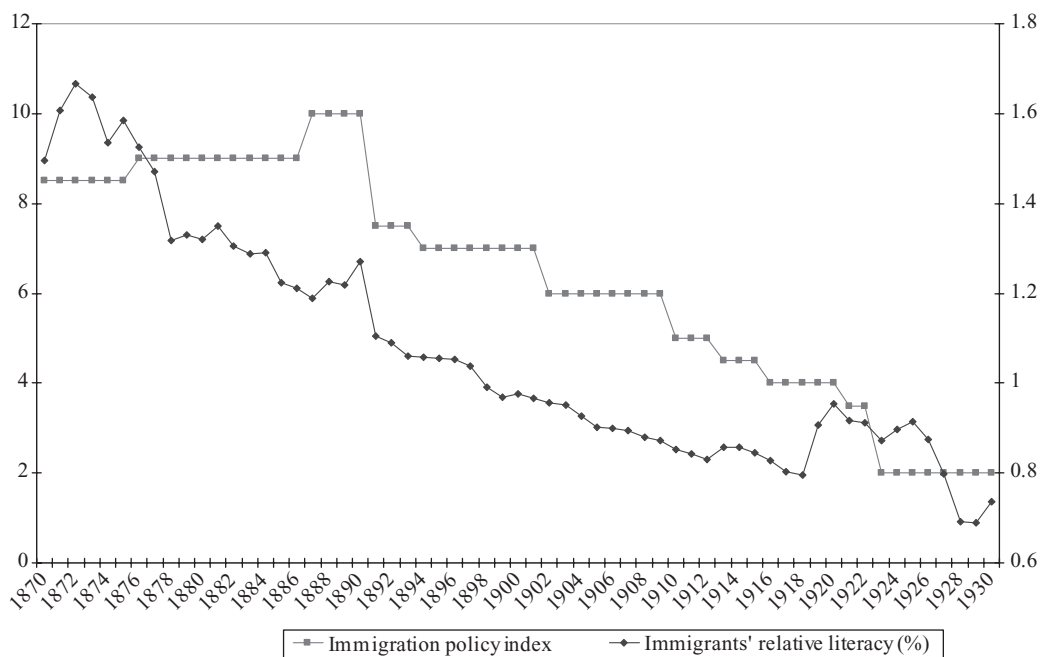


Figure 5. *Immigration policy index (left scale) and immigrants' relative literacy, 1870–1930 (Argentina = 1)*

Sources: As for fig. 2.

21 per cent lower in 1923–7. In 1914, a year of massive arrivals, imposing a literacy test would have decreased immigration by 42 per cent. The impact would have been slightly higher than in the US, where a literacy test in 1907 would have reduced the number of all new immigrant groups by 37.4 per cent.³³ The debate about the quality of immigrants in political and intellectual circles was never translated into selective policies.³⁴

Scholars agree that labour market conditions have a significant influence on immigration policy. The Baring crisis of the 1890s was related to high rates of unemployment in Argentina, but restrictions on massive immigration did not follow, as in Australia. When wages, and therefore savings, earned in local currency lost their value in relation to gold-standard currencies, immigrants responded by booking passages home. It could be argued that there was a 'guest-worker' effect during the early 1890s since return migration reached very high levels in 1890–5: net migration dropped to 8.2 per cent compared to 38 per cent during 1885–90.³⁵ Immigrants did voluntarily what any policy of restriction would have done. The crisis showed that distress in the labour market could be more easily alleviated by going back home (or just moving to another immigration country, such as Brazil

³³ Goldin, 'Political economy'. For Argentina, children are excluded. Calculated from Dirección General de Inmigración, *Resumen*, and for 1923–7, from Dirección General de Estadística y Censos, 'Movimiento general'.

³⁴ There were several bills in Congress proposing to restrict the arrival of illiterate immigrants. All of them were rejected by the majority; Devoto, 'Ideas políticas'.

³⁵ In the year 1891 out-migration was higher than immigration, resulting in a negative migratory balance of nearly 30,000; Vázquez-Preseido, *Estadísticas históricas argentinas comparadas*.

or Uruguay). The declining cost of the trip allowed this safety valve in times of unemployment.³⁶ Therefore, the legacy of the 1890s crisis for policy makers seems to have been the perception that policy restrictions were unnecessary since the immigration flows were very sensitive to economic conditions and contracted in adverse economic scenarios.

As mentioned before, during the expansion of the frontier there was an open immigration policy because of the need for workers. After the 1890s crisis, the frontier began to close and immigration policy was redesigned to address the needs of the labour market: the focus was on seasonal workers and not on workers who would settle on the land permanently. Arable agricultural land needed two types of workers: those willing to work seasonally and others to work all year round. Immigrants were crucial for the first case, particularly those who crossed the Atlantic annually, but local urban workers (with a high number of immigrants among them) were also moving to the countryside and back into the cities depending on the demand for labour in agriculture.³⁷ Adelman stresses that from the 1900s onwards a highly mobile labour force shifting between the rural and the urban sector only experienced unemployment while waiting for the next harvest season. Simultaneously, there was a growing concern that Argentina was taking too many immigrants because of post-harvest urban unemployment.³⁸ Public debates on the need to change immigration policy were always dominated by a dual problem: there were too many immigrants in the cities and very few in the rural areas.

The possible shortage of labour for the harvest season was always a great concern. Landowners and capitalist interests seem to have been a powerful force against any restrictive measure of the inflow of foreign workers. During the 1920s, when immigration arrivals decreased, there was increasing anxiety about tightness in the labour market. For contemporaries, if the shortfall of immigration were to be offset by increased natural population growth, there would be a substantial lag before native-born children entered the labour market. Immigration, by contrast, represented an immediate addition to the labour force. Lewis documents how in the late 1920s agrarian and industrialist organizations complained bitterly about a general shortage of labour, skilled and unskilled.³⁹

Between 1870 and 1910 immigration served to raise Argentina's labour force by an impressive 86 per cent (compared to 24 per cent in the US) and it accounted for 60 per cent of the population increase. The net immigration rate in Argentina after 1870 was more than twice the US rate.⁴⁰ During the period under consideration, Argentina was the country with the highest rate of foreign population to native-born population in the world and therefore the *quantity* of immigrants could be a relevant variable for immigration policy. Figure 6 presents the evolution of the percentage of foreigners over total population (the immigrant stock) and the new immigration index. The percentage of foreigners over total population grew from 12 per cent in 1870 to 22 per cent in 1930, with a peak of 30 per cent in 1914. A high percentage of foreigners can raise hostility among the native-born population.

³⁶ Fogarty, 'Social experiments', pp. 182–5.

³⁷ Adelman, 'Harvest hand', pp. 92–101; Galiani and Gerchunoff, 'Labor market', pp. 124–30.

³⁸ Adelman, *Frontier development*, pp. 108–26.

³⁹ Lewis, 'Economic restructuring', p. 183.

⁴⁰ Taylor and Williamson, 'Convergence', tab. 1, p. 29.

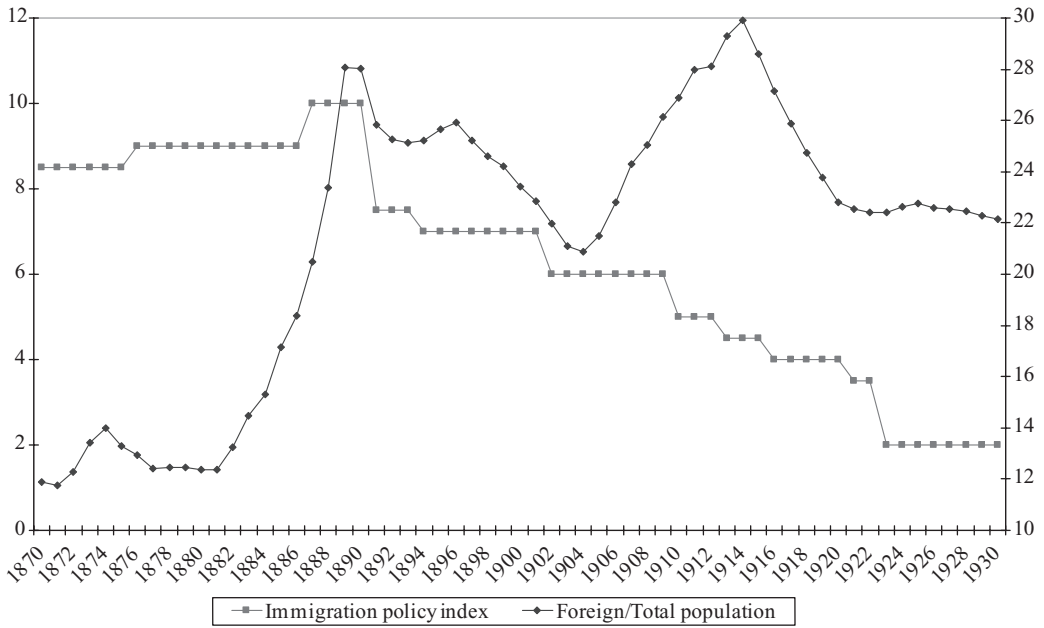


Figure 6. *Immigration policy index (left scale) and percentage of foreigners over total population, 1870–1930*

Sources: As for fig. 2.

However, in the US Goldin shows a positive relationship between the percentage of foreigners in a given location and political opposition to restrictions on immigration policy. Immigrants and their children supported an open immigration policy for the reunification of their families. Once immigrants accounted for about 30 per cent of a city’s population, political support overwhelmingly shifted to a pro-immigration stance.⁴¹ In Argentina, the foreign-born population accounted for 37 per cent of the urban population in 1914 and native-born and foreigners had equal shares in the population of the city of Buenos Aires.⁴²

For the most part the academic debate on immigration policies assumes that the interests of capital and labour are divided. Foreman-Peck argues that land ownership matters as well, particularly in the export-oriented agricultural economies of the New World.⁴³ In those countries where land ownership and political control were highly concentrated, an increase in the scarcity of labour relative to land created both a demand and a supply from the landowner-controlled government for pro-immigration policies. This explanation seems to provide an accurate description of Argentinian immigration policy as traditional historians depict it. Landowners supported an open immigration policy since they had a lot to gain by increasing the labour supply. Over time, capitalists joined forces with landowners; since both groups controlled the Argentinian government, they prevented any major change in immigration policy until the 1930s crisis. Even when nationalist

⁴¹ Goldin, ‘Political economy’, p. 225.
⁴² Actually, male foreigners outnumbered male natives born in Buenos Aires; Recchini de Lattes and Lattes, *La población argentina*, tab. 5.3, p. 71.
⁴³ Foreman-Peck, ‘Political economy model’.

ideology became popular among the elite, immigration was not restricted, since the ruling groups remained convinced that immigration was essential to economic development and vital to the smooth functioning of the labour market.

To sum up, there were several reasons to restrict immigration in Argentina. Inequality increased over time and it may have been a powerful force pushing for restrictions. The closing of the frontier could be related to a more restrictive immigration policy. The extraordinarily high percentage of foreigners over total population, particularly before 1914, could have been powerful forces to close the door if immigrants were perceived as a threat to native workers. However, where immigrants manage to gain political power, restrictions will remain moderate, as was the case in the US. Labour demand was highly seasonal and dominated by the agrarian cycles. At the turn of the century, there was a growing concern over the post-harvest urban unemployment created by immigrants moving between rural and urban areas. The relative literacy of immigrants decreased over time, not so much because of declining quality (as literacy rates of immigrants generally improved) but because of an extraordinary improvement in the literacy of the local population. Nothing very clear can be said about the evolution of real wages (both in absolute and in relative terms) and immigration policy. However, it seems safe to assume that had Argentina introduced restrictive policies similar to those in the US the growth of real wages during the 1920s would have been presumably higher. An elastic flow of labour between southern Europe and Argentina might have rendered restrictions unnecessary. Immigrants returned home when there was an economic downturn (doing voluntarily what any policy of restriction would have done) and came back again when conditions improved.

Simultaneously, there were other forces that seem to have pushed in the opposite direction: large numbers of workers were needed during the harvest season and there was a constant fear of a labour shortage in agriculture and in the export sector. Those who had most to gain from an abundant supply of labour (landowners and urban capitalists) dominated political institutions, and there was a constitutional provision to foster immigration; therefore immigration restrictions were difficult to approve. In their pioneer research Timmer and Williamson concluded that what remains a puzzle in the case of Argentina are ‘the offsetting variables . . . that kept immigration policy from becoming even more restrictive’.⁴⁴ The next section will elaborate on some political economy variables that might also explain immigration policy.

III

Political science would identify the case of Argentina with that of a producer-dominant model that involves relatively small and easily organized groups supporting policies that provide them with direct benefits. Immigration generated concentrated benefits and diffused costs. Political parties are key institutions in the process by which immigration policy is formulated, as they aggregate blocs of votes and organized interests, acting, therefore, as interest groups.⁴⁵ From 1870 to 1930 two main blocs of political parties dominated the Argentinian political scenario:

⁴⁴ Timmer and Williamson, ‘Racism’, p. 28.

⁴⁵ Freeman, ‘National models’, tab. 1, p. 230.

the Conservatives (populists or traditional) that basically controlled government and Parliament up to 1916, and the Radical Party (UCR) in the opposition, until the implementation of a major change in the electoral system. The traditional interpretation is that the conservative parties represented landowners and capital interests while the Radical Party stood for the urban lower and middle classes. Some scholars disagree, claiming that there were no such drastic differences in politics and electoral constituencies between Radicals and Conservatives.⁴⁶ The extension of electoral franchise is a key variable since it allowed those adversely affected by immigration and inequality to have a political voice. Contrary to views widely held among scholars, Argentina had male universal suffrage from 1853. Electoral laws never sanctioned restrictions of suffrage, but fraud and electoral manipulation were the norm. In 1912 there was an electoral reform (the Saenz Peña Law) that made suffrage compulsory for native males over 17 years of age; it also established an electoral roll based on military conscription lists, and a provision to ensure the representation of minority parties.⁴⁷ Compulsory and secret voting explain the increase in electoral participation, and from 1912 onwards elections became cleaner and more open.⁴⁸ In 1916 the Radical Party, traditionally in opposition, won the election. Economic policy did not change greatly during the 1920s, but some scholars argue that the electoral shift meant that immigration policy became the subject of a more popular debate like the one encountered by President Alvear's 1923 proposal to reform immigration law.⁴⁹

Did the composition of Parliament change in a significant way after the 1912 electoral reform? Landowners and industrial and urban professionals were almost equally represented in Argentinian political parties (the exception being the Socialist Party, which had more manual workers in its ranks). The data on the composition of Parliament clearly demonstrate the absence of any powerful link between social status and party affiliation in the period 1904–15. Nearly two-thirds of all Radical deputies were men of high finance, major property owners, and big industrialists.⁵⁰ The situation underwent little change in 1916–30, the era of Radical rule. Educational and family backgrounds were very similar among Conservative and Radical deputies, and there were no significant differences in the composition of Parliaments before and after 1912 (except for the novelty of a minority of Socialist deputies). Furthermore, there was continuity in economic policy between the Conservative and the Radical eras. Although the Radical governments of the 1920s introduced more social welfare legislation, they were never preoccupied with income distribution. According to Alhadeff, as long as there was growth the political consensus was that there would be progress in the absolute position of labour and capital; their relative share in income was less significant.⁵¹ Therefore, it is not easy to divide political parties along labour versus capital lines. Immigration was never a dividing issue in Argentinian politics and even the leader of the Socialist party had a liberal view on immigration.⁵²

⁴⁶ Gallo and Sigal, 'La formación', and Alonso, 'Politics', among others.

⁴⁷ Botana, *El orden conservador*, ch. 8.

⁴⁸ Gallo and Cortés Conde, *La República*. For a detailed analysis of parties and elections in the province of Buenos Aires after 1912, see Walter, 'Politics'.

⁴⁹ Cook Martín, 'Rules', pp. 96–7.

⁵⁰ Smith, *Argentina*, p. 30; Cantón, *El parlamento*, pp. 40–1.

⁵¹ Alhadeff, 'Social welfare', pp. 172–5.

⁵² Rodríguez Braun, 'Early liberal socialism'. The socialists always opposed immigration restrictions.

Employing a standard production function and trade analysis, political scientists and economists predict that capital wins and labour loses from immigration. For the nineteenth century, land ownership has been placed on the winning side. Preferences of labour and capital are directly linked to labour unions and employers' federations that acted as interest groups. Trade unions should resist immigration because it imposes a downward pressure on wages (although skilled and unskilled workers may have contrasting interests). The Argentinian labour movement was closely linked to European immigration and it was dominated by European anarchists. Unions always asked for higher wages, but they never related the wage level to massive immigration. During the First World War the suspension of immigration increased unions' bargaining power. Generally speaking, however, labour organizations were unable to formulate a practical response to the disruptive effects of labour surplus. Unions never acted as a pressure group pushing the government to close the door to foreign workers. The strong presence of European workers in the Argentinian unions could explain such otherwise irrational behaviour. On the contrary, industrial and rural owners' federations displayed the expected pro-immigration policy, with a strong emphasis on an abundant supply of labour while excluding radical (socialist and anarchist) immigrants.⁵³

Could the working poor, negatively affected by the massive inflow of immigrants, do anything in the political arena? Inequality increased in Argentina so there might be a relationship between changes in income distribution and restrictions to entry. A large fraction of Argentinian workers were foreigners. Immigrants comprised approximately one-half of the expanding middle class and even a greater share of the working class (around 60 per cent in urban areas). They were over-represented in the working class (both skilled and unskilled), but immigrants had no political power since the majority of them kept their European nationalities. Foreigners could not vote in general elections, and around 1914 only 1.6 per cent of the foreign-born population were citizens. The extension of the franchise had a very different meaning in a country where the majority of the population did not have the right to vote simply because they were foreigners. In 1895, only 27 per cent of the total population had voting rights (since foreigners, women, and native-born males under 20 years of age were excluded). The percentage dropped dramatically to 14.5 per cent in 1914 due to the massive inflow of immigrants (the majority of them males over 18).⁵⁴ The electoral system actually offered voting rights to only 40 or 45 per cent of the adult male population living in the country on the eve of the First World War.⁵⁵ Electoral participation rose sharply after 1912, but the reform did not alter the fact that foreigners voluntarily excluded themselves from the electoral system.⁵⁶ In the US immigrant votes were

⁵³ Ospital, *Inmigración y nacionalismo*, pp. 30–3.

⁵⁴ Women had no voting rights so the percentage of the population entitled to vote must be adjusted to the total number of *native* males over the legal age. Population data come from censuses. The number of those eligible to vote is obviously different from the fraction of the population that *actually* voted.

⁵⁵ Smith, *Argentina*, p. 11. The percentage of native-born men with voting rights was lower in some districts, such as Buenos Aires, Santa Fe, and Córdoba, since women and native-born men under 18 have to be excluded; Gallo and Cortés Conde, *La República*.

⁵⁶ Why immigrants in Argentina did not become citizens is beyond the scope of this article. Moya, *Cousins and strangers*, p. 489, concludes that low naturalization rates are attributable to a lack of incentives for naturalizing. Foreigners had all the rights of citizens (except the right to vote in national elections), but were exempt from the most cumbersome civic obligation: military service. Others have suggested that from a migrant's standpoint, there were strong incentives not to naturalize to the extent that naturalization implied loss of original nationality and

always important to political parties since easy naturalization and voting laws transformed immigrants into a recognized electoral presence. In an institutional setting completely different from that in the United States, immigrant workers in Argentina could not influence political outcomes directly.

Therefore, when inequality increased, a large portion of adversely affected workers could do nothing to change immigration policy. Why, then, did immigration policy become restrictive? How can we explain that restrictions to entry were on the rise from the 1900s? The hypothesis of this article is that economic fundamentals did influence Argentina's immigration policy, but not in a direct way, as in countries with a wide electoral franchise, high rates of political participation, and high rates of naturalization like the US. Economics explains that labour in Argentina would have been better off with a more restrictive immigration policy (in the Australian way) since 1900. Political institutions were, however, in the hands of those who benefited most from open immigration policies (land and capital interests).

Acemoglu and Robinson distinguish between *de jure* and *de facto* political power. The latter appears when a group of individuals, even if they are not allocated political power by political institutions, may nonetheless possess it. They can revolt or use economically costly protests in order to impose their wishes on society.⁵⁷ In Argentina, it seems that workers (natives and foreigners) reacted to increasing inequality by developing a very radical labour movement. It was the channel used to express discomfort, since workers could not influence policy otherwise. Labour unions became, then, a *de facto* political power. The government reacted to workers' violent actions (general strikes, boycotts, and so on), identifying immigrants as the root of social unrest since they were over-represented in the labour movement. The ruling class understood labour agitation as a direct consequence of the indiscriminate admission of foreign troublemakers and eventually restricted immigration. Therefore, massive immigration by increasing income inequality fuelled social discontent and affected policy through means totally different from political representation.⁵⁸

There were two basic anti-immigration turning points before 1914 that can be explained within this political economy framework: the 1902 Residence Law and the 1910 Law of Social Defence. In November 1902 there was a general strike (in the middle of the harvest season) after one year of constant labour agitation, work stoppages, boycotts, and demonstrations. Docked ships were left to their own devices, hundreds of carts containing agricultural products crowded the piers, and imports and exports ceased.⁵⁹ Congress passed the Residence Law at an extraordinary session as a result of this emergency situation. The 1902 Law allowed the executive to expel foreigners involved in anarchist activities. Members of Parliament clearly stated that it was 'a law of exception' and was directed only against foreign agents and political agitators.⁶⁰ The Residence Law was supported by one of the leading employers' associations: the Unión Industrial Argentina. Between

diplomatic support; Devoto, *Historia de la inmigración*, ch. 8.

⁵⁷ Acemoglu and Robinson, 'Paths', p. 676.

⁵⁸ Alesina and Perotti, 'Income distribution', established an inverse relationship between income inequality and investment since the former increases social unrest and, consequently, political instability.

⁵⁹ Oved, 'El transfondo', pp. 130–3.

⁶⁰ Castro, *Development and politics*. The 1902 law could not greatly affect the immigrant flow since it was directed at those foreigners (the immigrant stock) already resident in Argentina. The Residence Law was rarely

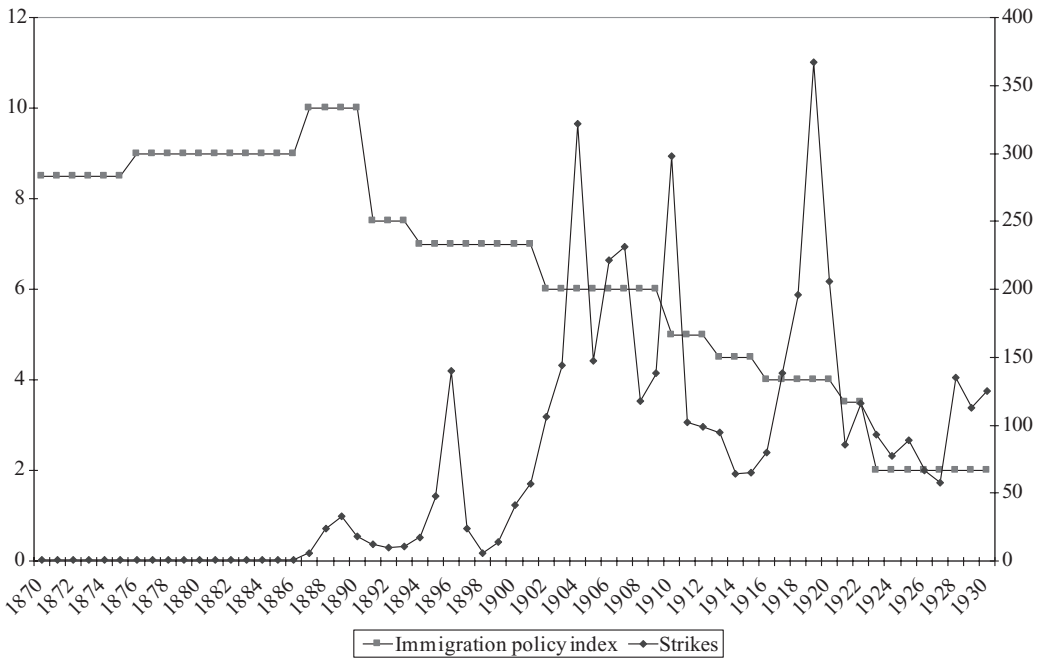


Figure 7. *Immigration policy index (left scale) and annual number of strikes in Argentina, 1870–1930*

Sources: As for fig. 2.

1902 and 1910 five curfews were imposed, basically to allow port activities. After three more general strikes the second anti-immigration turning point came in 1910 with the Law of Social Defence. This time, the government could act directly on the immigrant flow since captains of shipping companies who landed illegal immigrants could be fined. The 1910 legislation was approved after massive and violent general strikes, including the tenants' strike (1907) and the 'Red Week' (1909). In 1912, during another full-scale strike of rural tenants, the national police openly threatened to deport farmers who refused to return to work.⁶¹ Figure 7 plots the annual number of strikes in Argentina and the immigration policy index, and suggests that labour unrest might be related to the increase in restrictions.

Immigration policy became gradually more restrictive before the First World War because workers acted as a *de facto* political power. Anti-immigration legislation came from capital and landowners. It was the governing elite, the inheritors of the liberal tradition, who approved immigration restrictions. Having made no connection between labour unrest, saturation of the labour market, and immigration policy, authorities blamed a handful of anarchists.⁶² After the First World War, the international labour market changed, since the US had closed its doors in 1921

enforced: between 1902 and 1958 when the law was finally amended only 383 people were deported; Albarracín, 'Selecting immigration', p. 50.

⁶¹ According to the British *Review of the River Plate* (quoted in Solberg, 'Rural unrest', p. 38), the government deported over 300 immigrants under the Social Defence Law.

⁶² Fogarty, 'Social experiments', p. 189; Adelman, 'Harvest hand', p. 101.

and 1924.⁶³ Argentina could have followed this example and introduced immigration quotas. The government feared a diversion of low quality European immigrants because of the American Quota Acts, but was unable to change the 1876 Immigration Law. An administrative decree increasing regulations of entry was approved instead in 1923—a modest restriction compared to the quota system. Why were there no quotas in Argentina in the 1920s? One possible explanation is the fact that labour unions were made up mostly of immigrants of roughly the same origins as those arriving in the 1920s, and there was no equivalent of the older native-dominated labour unions of the US, such as the Knights of Labor.

IV

The next step is to test empirically the relationship between immigration policy and economic and political variables. Table 1 presents two different equations whose variables are cointegrated.⁶⁴ The dependent variable is the NEW index of immigration policy. It should be observed that the index presents a decreasing trend over time: lower values mean an increase in immigration restrictions. Independent variables have been included along the lines of the discussion presented in previous sections. Methods and sources for independent variables are presented in appendix I. Independent variables are lagged different periods since it is assumed that policy was slow to change. Both equations have a high explanatory power for changes in the immigration policy index.⁶⁵

The quantity of immigrants, measured by the percentage of foreigners over total population, shows a positive sign. As was the case in the US, the share of foreign-born population has a positive effect on the immigration policy index. According to Goldin, in the US immigrants and their descendants generally supported open immigration for the reunification of their families, and immigrants managed to elect Representatives who voted disproportionately against the literacy test between 1900 and 1917.⁶⁶ What is paradoxical in the Argentinian case is that immigrants were not a significant share of the voters as they were in the US. Had foreigners been a significant part of the electorate, we can assume they would have been in favour of more immigrants of the same origin. Nevertheless, foreigners seem to have managed to exert some pressure on politicians. Di Tella shows how immigrants developed different channels of informal participation in politics: mutual aid societies, newspapers, professional and cultural associations, friendship networks, and business relations, among others.⁶⁷ For example, Italian immigrants participated actively in one of the most important employers' federations, the Unión Industrial Argentina (UIA). The UIA was always in favour of massive immigration.⁶⁸ An additional explanation for this positive relationship might be the

⁶³ The Red Scare after the Bolshevik revolution encouraged the brief yet crucial defection of key business groups from the pro-immigration camp in the United States; Tichenor, *Dividing lines*, p. 142.

⁶⁴ Cointegration tests for regressions are presented in online app. S2.

⁶⁵ As a sensitivity test I have replicated the exercise using Timmer and Williamson's immigration policy index as the dependent variable. The results were worse than those presented in tab. 1 with the new index. I am grateful to Jeff Williamson for sharing with me his index original data.

⁶⁶ Goldin, 'Political economy'.

⁶⁷ Di Tella, 'El impacto inmigratorio'.

⁶⁸ Barbero and Felder, 'Industriales italianos', pp. 60–2. In 1910, Italian industrialists constituted 47% of the total members of the UIA.

Table 1. *Determinants of Argentina's immigration policy*

<i>Dependent variable: immigration policy index (NEW)</i>		
	(1)	(2)
C	-0.233 (-0.147)	7.128 (5.932)
% of foreigners	0.127 (4.321)	0.243 (5.331)
Immigrants' relative wage (-3)		3.651 (4.561)
Immigrants' relative literacy	7.150 (6.605)	
Income inequality (-5)		-2.951 (-4.592)
Income inequality (-6)	-2.493 (-5.483)	
Real GDP per capita (-3)	-0.017 (-1.617)	
Real GDP per capita (-4)		-0.063 (-6.018)
Suffrage (-5)	-1.077 (-3.539)	-0.894 (-3.036)
Strikes (-3)		-0.002 (-1.721)
Strikes (-6)	-0.003 (-2.798)	
Frontier (-1)	0.766 (1.313)	1.499 (2.549)
Adjusted R ²	0.964	0.951
Standard error of regression	0.480	0.557
F-statistic	198.5	141.7

Notes: Ordinary least squares; t-ratios in italics and in parentheses. The equation variables are cointegrated (see online app. S2, tab. A3-2). The number of lags for independent variables appears in parentheses.

Sources: Online app. S1 for the dependent variable; full references and methods in app. I. Main reference sources: Astorga, Bergés, and Fitzgerald, 'Database'; Botana, *El orden conservador*; della Paolera, Taylor, and Bózzoli, 'Historical statistics'; Dirección General de Estadística y Censos, 'Movimiento general'; Dirección General de Inmigración, *Resumen*; Hofman, *Economic development*; Korzeniewicz, 'Labor unrest'; McGuire, 'Strikes in Argentina'; Mitchell, *International historical statistics*; Nascimbene, *Historia de los italianos*; Tornquist, *El desarrollo económico*; Vázquez-Presedo, *Estadísticas históricas argentinas: compendio*; Williamson, 'Evolution'; idem, 'Real wages'.

constant fear of labour scarcity among the ruling class: even when the percentage of foreigners reached very high numbers, the agrarian and export interests seem to have been a powerful opposition force to measures restricting the inflow of foreign workers.⁶⁹

In table 1 the 'quality' of immigrants is proxied by two variables: immigrants' literacy rate and wages (weighted by the share of each nationality in the immigration flow) relative to the literacy rate and wages in Argentina. Both variables show a positive relationship with the immigration policy index. In the case of immigrants' literacy rate (equation 1), the result suggests that the higher the immigrants' relative 'quality', the more open the immigration policy.

⁶⁹ On the persistence of the idea that foreign population was needed in Argentina, see Sánchez-Alonso, 'La racionalidad', pp. 246–56.

Inequality, measured as the ratio of GDP per worker relative to real unskilled wages, presents a negative relationship with the immigration policy index. This result confirms previous interpretations of the relationship between increasing inequality and escalating restrictions to massive immigration in New World countries.⁷⁰ Recall that this variable is a measure of unskilled labour's *relative* position so the variable captures the effect of immigration on both the unskilled native and the unskilled immigrant already in the country. In Argentina, immigration might have increased inequality but simultaneously fostered economic growth. During the nineteenth century, in all Latin American countries, as economic development took off inequality increased. Coatsworth assures us that economic growth in the region went hand in hand with increasing inequality.⁷¹ In table 1 economic growth, measured by real GDP per capita, shows an inverse relationship with immigration policy: the richer the country, the more unequal the income distribution and the more restrictive the immigration policy. One of the most interesting variables capturing changes in the immigration policy index is the frontier variable. In both equations the frontier variable is positively associated with the policy index: the closing of the frontier was an important element in moving away from an open immigration policy.

Argentina had a lower rate of political participation than the US even after the 1912 electoral reform made voting secret and compulsory. In order to capture the possible effect of this electoral change on immigration policy, a dummy variable (suffrage) is included in the regressions, taking value 0 for the period 1870–1912 and 1 from 1913 to 1930. Both equations show a negative association between the extension of the franchise and openness in immigration policy. Even taking into account the fact that foreigners did not have the right to vote, electoral changes after 1912 had the expected consequence for immigration policy. Thus, as electoral reform stimulated political participation, restrictions on immigration increased in Argentina. Finally, when immigration is associated with social unrest and labour conflicts and, hence, with disruption in the economy, restrictions on the entry of foreign workers will follow. In table 1, the annual number of strikes shows a negative relationship with the immigration policy index, suggesting this was the case in Argentina.

Table 2 presents the determinants of immigration in Argentina (with the immigration rate as the dependent variable), including the NEW immigration policy index as an independent variable. The results are reassuring as the immigration policy variable performs very well in the regression. The direct relationship with the immigration rate seems to indicate that immigration policy in Argentina, which was open or had only very mild restrictions up to 1914, was a powerful force in attracting immigrants. The per capita income variable displays a positive sign, showing, as expected, that economic conditions in Argentina were a significant determinant of the migratory flow.⁷² In turn, the closing of the frontier is negatively related to the immigration rate, as is the case with the growing stock of foreigners

⁷⁰ Timmer and Williamson, 'Immigration policy', tab. 1, p. 752, present regressions where the variable for income inequality is not significant for Argentina, while it proves highly significant for the US, Canada, and Brazil. The latter is a puzzling result since Brazil had a very different franchise than the US and Canada and it is difficult to believe that increasing inequality concerned Brazilian politicians and landowners.

⁷¹ Coatsworth, 'Inequality', pp. 567–8; also Prados de la Escosura, 'Inequality and poverty', pp. 298–300.

⁷² On Spanish emigration to Argentina, see Sánchez-Alonso, 'Those who left', pp. 731–8.

Table 2. *Determinants of Argentinian immigration rate*

<i>Dependent variable: immigration rate</i>	
C	-3.270 (-1.155)
Immigration policy index (NEW)	0.692 (2.945)
Real GDP per capita (-1)	0.047 (3.849)
Suffrage (-1)	-1.755 (-2.869)
% of foreigners (-2)	-0.068 (-3.244)
Frontier	-3.732 (-3.963)
Adjusted R ²	0.679
Standard error of regression	0.771
F-statistic	20.7

Notes: OLS; t-ratios in italics and in parentheses. The equation variables are cointegrated (see online app. S2, tab. A3-3). The number of lags for independent variables appears in parentheses.

Sources: Online app. S1 and app. I. See also tab. 1.

in the country. Interestingly, the suffrage variable presents a negative relationship with the immigration rate, suggesting that immigration was more intense when the political participation of the native population was lower. However, this is a dummy variable with a value change from 1912 onwards, so it might be capturing the less friendly atmosphere for immigration after the First World War.

The quantitative explorations presented here seem to reinforce the suggested interpretation of the role played by economic and political economy variables in determining the behaviour of the immigration policy index over time. In addition, immigration policy seems to have been influential in the evolution of the immigration rate in Argentina.

V

In the midst of the Great Depression (1932), Argentina finally adopted a prerequisite for immigrants of a labour contract prior to arrival and/or proof of financial means of support. At that time the children of many Europeans who had arrived before 1914 were coming of age and were replacing their fathers in the Argentinian middle class. Fervently nationalistic and identifying strongly with traditional Argentinian values, this new generation now resented the competition of foreign workers and applauded government moves to restrict immigration. Unlike their ancestors, they could influence policy in a direct way since they enjoyed political power.

The quantitative evidence presented here suggests that prior to the 1930s Argentina had economic reasons to restrict immigration: a decreasing relative quality of immigrants, rising inequality, and the closing of the frontier. Labour in Argentina would have been better off with a more restrictive immigration policy from 1900. However, restrictions remained moderate since labour interests could not be translated directly into Parliament. Male universal suffrage meant something very different in a country like Argentina where a large number of workers

did not have the right to vote simply because they were foreigners. In a completely different institutional setting than in the US, immigrant workers in Argentina could not exert direct influence over political outcomes. Consequently, those negatively affected by the consequences of unrestricted immigration developed alternative actions: general strikes, labour unrest, and violence. Massive immigration increased income inequality which, in turn, by fuelling social discontent, affected policy through means totally different from political representation. Contrary to what economic theory would have predicted, Argentinian anti-immigration legislation came from capital interests and landowners because of the fear of social unrest.

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APPENDIX I: INDEPENDENT VARIABLES TABLES 1 AND 2: METHODS AND SOURCES

Immigration rate (IMRATE): immigration rate was calculated as the annual immigration divided by the total population. Population data 1869–1913 from Vázquez-Preledo, *Estadísticas históricas: compendio*; 1913–30 from Hofman, *Economic development*.

Immigration data from Dirección General de Inmigración, *Resumen*. Data for 1923–7 from Dirección General de Estadística y Censos, 'Movimiento general'. Missing data from Nascimbene, *Historia de los italianos*.

Foreign population (FORPOP): percentage of foreigners over total population. From 1870 to 1913 estimation based on net immigration stock and total annual population with the same sources as in the immigration rate (IMRATE).

Immigration composition by national origin: main groups are 'Italy & Spain'; 'Other Europeans' (France, Great Britain, Germany, Switzerland, and Belgium); 'Eastern Europeans' (Austro-Hungary and Russia); 'Others' (Turkish mainly before 1919 and Romanians, Lithuanians, and Syrio-Lebanese after 1919). Dirección General de Inmigración, *Resumen*. Data for 1923–7 from Dirección General de Estadística y Censos, 'Movimiento general'.

Immigrants' relative literacy (IMRELIT): immigrant literacy rates (weighted by the percentage of immigration from each region/country as the weight) relative to the literacy rate in Argentina. Mitchell, *International historical statistics*, for 1870–1900; since 1900, Astorga et al., 'Database'.

Immigrants' relative wage (IMWREL): immigrant wage rate (using the percentage of immigration from each region/country as weight) relative to the wage rate in Argentina; computed from Williamson 'Evolution'; idem, 'Real wages'.

Income inequality (YTORW): ratio of real GDP per capita index to unskilled real wage index (normalized for 1913=100). Real wages from Williamson, 'Real wages'; GDP per capita from Della Paolera et al., 'Historical statistics'.

Real GDP per capita (RY): Della Paolera et al., 'Historical statistics'.

FRONTIER: Series constructed by assuming the size of the frontier was equivalent to the size of cultivated land by 1930. For year i the frontier was reduced by the number of hectares under cultivation in such year, so the available open frontier was equal to the cultivated land (T) in 1930 less the amount cultivated in year i , divided by the size of cultivated land in 1930 in order to normalize the variable between 0 and 1. Thus, $FRONTIER = (T_{1930} - T_i) / T_{1930}$.

Cultivated land (hectares) 1872, 1888, 1895–1913: Tornquist, *El desarrollo económico*, p. 20; 1913–30, Della Paolera et al., 'Historical statistics'. Figures between 1872 and 1888, and 1882 and 1895, co-linearly interpolated.

STRIKES: Number of strikes per year. From 1887 to 1906, Korzeniewicz, 'Labor unrest', tab. 1; from 1907 to 1930 official government statistics, Departamento Nacional del Trabajo, in Vázquez-Prevedo, *Estadísticas históricas: compendio*. See also McGuire, 'Strikes in Argentina'.

SUFFRAGE: Dummy variable with value 0 before 1912 and 1 from 1913 to 1930; Botana, *El orden conservador*.

SUPPORTING INFORMATION

Additional Supporting Information may be found in the online version of this article:

Appendix S1. Argentine legislation on immigration and values for the new index of immigration policy.

Appendix S2. Econometric tests.