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LABOR AND IMMIGRATION

BLANCA SÁNCHEZ-ALONSO

The role of Latin America in the international economy has changed in many ways when we compare the late nineteenth century and the late twentieth century, but in no other aspect has Latin America changed more than in its position in the international labor market. Around 1900, Latin America was the destination of millions of immigrants, particularly for millions of Europeans, and some Latin American countries were competing for labor in the international market. By the end of the twentieth century, Latin America had experienced a “population explosion” in the 1960s and the 1970s and today the region is no longer a destination for immigration. On the contrary, one of the main features of almost all Latin American countries nowadays is the high volume of emigration to the United States and Europe.

This chapter concentrates on the period in which Latin America was a major receiving area of European immigration – that is, the so-called age of mass migration between the years of 1880 and 1930. Needless to say, immigration was not a new phenomenon in the 1880s. Scattered immigrants had been arriving in the region since the 1830s and in the middle decades of the nineteenth century there were a substantial number of immigrant colonies in Brazil, Chile, Argentina, Paraguay, and Mexico. The slave trade had also been a traditional source of foreign population, particularly in Brazil and the Caribbean, and Latin America had been well integrated into the international labor market through the Atlantic slave

I would like to thank the editors for their comments and suggestions. I am also grateful to Alejandro Vázquez and Bruce Sacerdote for their data on passage fares and to all participants in the London and Buenos Aires meetings for their suggestions, particularly to Carlos Marichal for his very insightful comments. Tim Dore gave me very useful references.

trade. Chinese immigrants were also relatively important in Peru and Cuba. But it was not until the 1870s and the 1880s that immigration, mainly from Europe, reached massive proportions and changed the social and economic evolution of several major Latin American countries.

Although many countries in the region tried to attract immigrants, foreign labor concentrated in a few destinations: Argentina, Brazil, Cuba, and Uruguay. Over the period 1880–1914, only a few countries in Latin America were integrated into the free international labor market. The chapter focuses mainly on the River Plate countries, Brazil, and Cuba, although brief overviews of other countries such as Chile and Mexico are included. It deals with national units, though some migration scholars have argued that the regional approach is more appropriate because immigrants concentrated in specific regions and cities. This chapter considers Latin America in the international labor market from a global perspective. The general aim of the chapter is to survey existing knowledge and to open possible new lines for future research.

The first section surveys migration trends in the main receiving countries. It focuses on the national origins of the flows and discusses the evolution of real wages. The section makes comparisons among Latin American countries and other areas receiving immigrants in the same period, particularly the United States. The second section deals with policy issues. An explicit comparison between Brazil and Argentina, the two big competitors for foreign labor, is carried out with references to immigration policies in other countries, such as Australia and Canada. The third section concentrates on the immigrants as laborers: the selectivity of the migration process, where the immigrants concentrated, and their contribution to the labor force in the receiving countries. The section also deals with the issue of the human capital brought in by immigrants (proxied by literacy and occupations) and also with immigrants' contributions to social capital in the receiving countries. The fourth section explores the consequences of immigration in the long run for some Latin American countries. The focus is mainly on changes in the composition of the labor force and long-run impacts on demographic structure, paying special attention to age distribution. A final section concludes.

1. MIGRATION TRENDS

The nineteenth century's improvements in transport and communication and the progressive elimination of institutional barriers to commerce

induced an impressive increase in commodity and factor mobility. The opening of economic relations affected both sides of the Atlantic economy, promoting a rise in international commerce and an extraordinary increase in factor mobility as some 60 million Europeans emigrated to the New World in the century following 1820. In broad terms, the economies of the New World were characterized by dual scarcity – capital and labor – and by cheap and abundant land. Latin American countries needed to augment the supply of labor and capital to exploit natural resources. However, not all countries shared this labor scarcity. Mexico had a relatively large native population, and Brazil had both a large slave labor force and a large native population. In 1870, the Argentine population was less than 2 million, the Cuban population stood at 1.3 million, and Uruguay had a little more than 350,000 inhabitants. In contrast, the Brazilian population was nearly 10 million and Mexico had around 9 million. Resource abundance and scarcity of labor was characteristic of the River Plate area and the Brazilian hinterland.

Nevertheless, almost all Latin American governments tried to attract foreign labor after independence. Some countries needed to increase the labor force because of the scarcity of the native population. Others tried to prevent labor shortages in certain sectors. Some governments thought that the immigration of a culturally “superior” European population would contribute to economic and social modernization.

From 1850 onward, Europe was the main supplier of both capital and labor to the world, but European countries were not the only sources of immigration into Latin America. Chinese “coolies” were employed in the Peruvian guano, sugar, and cotton industries (around 75,000 Chinese contract laborers were transported to Peru before 1880 and the inflow continued afterward), in the sugar plantations of Cuba and the Caribbean, and in railway construction in Mexico and some Central American countries.

The influx of Asian and other indentured laborers was particularly important in the Caribbean. The British, French, and Dutch plantation economies in the region found their supply of labor in British India or in the Dutch colonies in Asia. It is interesting to note that at the same time that the indenture system was finally disappearing from the United States, the abolition of slavery in the British West Indies produced a renewed demand for indentured labor. The arrival of Asians and Chinese bound to servitude to the Caribbean had very different implications from the arrival of Europeans free to choose their jobs and places of residence, but the explanation of this migratory flow can be found in the same powerful economic forces (to enlarge the labor supply and lower labor costs) as the arrival of

Europeans to the Brazilian plantations. Servitude remained legal in the British Caribbean until its abolition in 1917. These migratory flows from China and Asia were not massive compared with the European stream, but in the century up to 1916, more than 700,000 indentured laborers from Asia were transported to the region. In addition, after 1907, the state of São Paulo became a major destination for Japanese immigration.

African slaves were also part of the world supply of labor to Latin America. In terms of immigration alone, America was an extension of Africa rather than Europe until late in the nineteenth century. Eltis calculates that it was not until 1840 that arrivals from Europe surpassed those from Africa. In the course of the nineteenth century, 600,000 to 700,000 African slaves reached Spanish America and almost twice that number were transported to Brazil up to 1870, when the slave trade was finally suppressed. Despite the rising cost of slaves and the increasing risks of the trade because of British pressure, in the first half of the nineteenth century, the volume of forced African slave migrations to Latin America tended to follow the pattern of growth and decline in labor demand. This labor demand was, in turn, related to the European demand for sugar, coffee, and cotton, which increased throughout the nineteenth century. The African slave population concentrated mainly in Brazil and the Caribbean.

According to the invaluable work of Ferenczi and Willcox,¹ the main trends in international migration are well documented. The majority of European immigrants went to the United States (Table 10.1). Until the last quarter of the nineteenth century, Latin America remained almost out of the free international labor market. Various colonization projects had brought more or less numerous European groups to some countries in the central decades of the nineteenth century, but most plans failed miserably. The German colonies were the most successful in southern Brazil and Chile; the Welsh in Patagonia are another example, as are some French colonies in the Southern Cone. Italians contributed to various successful colonies in Argentina. But it was not until the 1880s that Argentina, Brazil, and Uruguay started receiving a massive inflow of European immigrants.

There are various reasons for this delay: the political instability in the new republics, for example, in Argentina and Uruguay; the low demand for labor in the majority of the Latin American countries either because of a large native population, as in Mexico, or because of the use of slave labor, as in Brazil or Cuba; the high cost of the passage and the duration

¹ See the bibliographical essay corresponding to this chapter for works mentioned in the text.

Table 10.1. *Gross intercontinental immigration into selected areas, 1871-1940 (in thousands)*

	United States	Canada	Argentina	Brazil	Cuba	Uruguay
1871-80	2,433	220	261	219		112
1881-90	4,852	359	841	525		140
1891-1900	3,684	231	648	1,129		90
1901-10	8,666	947	1,764	671	243	21
1911-20	4,775	1,154	1,205	798	367	57
1921-30	2,723	987	1,397	840		21
1931-40	443	82	310	239		57

Sources: William Woodruff, *Impact of Western Man. A Study of Europe's Role in the World Economy, 1750-1960* (London, 1966), 108; and Imre Ferenczi and Walter F. Willcox, *International Migrations*, vol. 1 (New York, 1929).

of the trip to those countries where labor was scarce, wages high, and natural resources abundant, such as Argentina or Uruguay; natural disadvantages attributable to geography and climate in the Latin American hinterland; and "some political and cultural characteristics not attractive for immigrants of different ethnic origins" as the United Nations reported in explaining why Latin America lagged behind the United States in attracting immigrants.²

The situation changed for many countries after the 1870s. Political stability and a firm political will to attract foreign immigration that had been growing in the 1850s and 1860s led Latin American governments to look for foreign immigrants mainly from Europe. Institutional factors such as religious freedom, the right of private ownership, respect for civil rights, and a friendly atmosphere toward foreigners also played a role. The 1853 Argentinean constitution even gave foreigners some advantages over nationals such as exemption from military service.

From an economic perspective, the most powerful force for change was that Latin America experienced a boom in its traditional role as a supplier of primary goods. Exports rose, capital flows from Europe began to arrive, and investment in the transport system (railways) allowed the exploitation of the abundant natural resources to become a real possibility. The combination of declining transport costs, rising exports and capital inflows, new

² United Nations, *The Determinants and Consequences of Population Trends* (New York, 1953).

agricultural frontiers, high wages, and urban development contributed decisively to the integration of Latin America into the international economy. Geographic and economic isolation continued, however, to be a reality for many countries in the region, particularly those on the Pacific coast or in Central America, that remained poorly integrated into the world market.

Argentina, Brazil after the abolition of slavery, Uruguay, and Cuba were the main winners in the competition for foreign labor: more than 90 percent of the 13 million European immigrants who went to Latin America between 1870 and 1930 chose these four destinations. There were relatively modest immigration flows to countries such as Chile, Venezuela, and Mexico, but others, like Paraguay, failed almost completely in the goal of establishing colonies with European immigrants.³

Gross immigration figures differ considerably from net immigration. It has been argued that one of the main features of European immigration to Latin America was the high rate of return migration. However, return migration increased all over the world from the 1880s onward. By the 1890s, an increasing fraction of those who emigrated to the United States never intended to remain permanently and returned to their home country. Temporary movement in search of wage jobs, often over long distances and crossing national boundaries, was common in many of the European regions from which the "new" immigrants were drawn. Estimation of net immigration is particularly difficult for some countries like Brazil, where departure records are of dubious reliability because of serious underestimation. Sánchez-Albornoz estimates that between 1892 and 1930, only 46 percent of immigrants remained permanently in the state of São Paulo and the same rate is found in Cuba (47%) between 1902 and 1930. For Argentina, it has been calculated that the rate of return was around 53 percent.

Net immigration in Argentina over the period 1881–1930 reached 3.8 million. Uruguay attracted during the same period nearly 600,000 immigrants; more or less the same number remained in Cuba between 1902 and 1930, whereas Chile hardly reached 200,000 individuals. In contrast, only 25,000 immigrants entered Paraguay in the same years and Mexico received fewer than 18,000 net immigrants in 1911–24.

European immigration to Latin America presents clear fluctuations similar to the general trend of immigration in other destination countries

³ With the exception of some isolated German colonies in Asunción and Alto Paraguay, all the attempts to encourage more northern European immigrants failed.

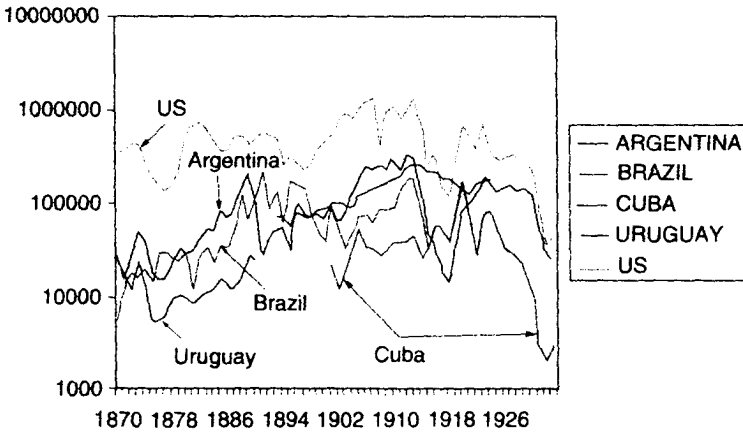


Figure 10.1. Immigration to Latin American countries and the U.S., 1870–1933.

Source: Imre Ferenczi and Walter F. Willcox, *International Migrations*, vol. 1 (New York, 1929).

(Figure 10.1). During the nineteenth century, migratory flows took a clear upward trend in the 1880s, led by Brazil and Argentina, then fell in the 1890s, more rapidly in Argentina than in other countries because of the effects of the Baring crisis. Actually, arrivals to Brazil surpassed those to Argentina in the 1890s. It was not until the turn of the century that immigration to Latin America reached really massive proportions. The period 1904–13 saw the highest concentration of arrivals in Argentina, Uruguay, and Cuba, whereas Brazil showed a more moderate increase. Latin America, then, only entered the age of mass migration in the first years of the twentieth century just prior to World War I. The mass migration era was short-lived because after the war the rate of immigration was no longer as high as before 1914, although there was a peak in the migratory flows in the years immediately after the conflict. Cuba is the main exception to the downward trend of the 1920s because of the extraordinary demand for labor during the sugar boom.

In the international labor market, the European sources of emigration also changed over time and it is important to relate the chronological profile of European emigration to the Latin American delay in attracting immigrants. In the central decades of the nineteenth century, the dominant migratory streams were from the British Isles, Germany, and the Scandinavian countries; southern and eastern Europeans followed in the 1880s. The diffusion of industrialization across Europe and the “Malthusian devil”

crossing Europe from north to south and from west to east, together with the agrarian crisis of the late nineteenth century, have often been invoked as explanations for this change in emigration origins. An emigration life cycle has been identified for many countries and it can be related to demographic transition, industrialization, and the influence of a growing stock of previous emigrants abroad. Southern and eastern European countries were on the upswing of their emigration cycle in the decades prior to World War I.

European emigrants from the so-called new emigration countries had a wider array of destination options than those who traveled in the middle of the nineteenth century. Emigrants could opt for the United States, as many in fact did, but Canada and Australia were also attractive destinations. The Latin American countries started their efforts to attract European immigrants more or less at the same time.

Late nineteenth-century European emigrants had also an extraordinary advantage in transportation: trips were shorter, safer, and cheaper. Long-term series on an annual basis for transatlantic passage fares are not available for many European countries, particularly for southern Europe. On the basis of the scattered available evidence, Table 10.2 presents data on passage fares for Spanish emigrants to their three main destinations. It also includes, for comparison, the fares paid by British emigrants for passage to the United States.⁴ There is a clear downward trend after the mid-nineteenth century for fares to Brazil, Argentina, and Cuba. The cheapest fares from Spain were for travel to Cuba, which remained quite stable over time.⁵ Fares to Brazil and Argentina were much more expensive than to Cuba in the 1870s and 1880s, but both experienced a sharp decline in the years of massive emigration. In the 1880s, according to Cortés Conde, an Italian worker could finance his transatlantic trip with only 20 percent of his income. In contrast, Spanish emigrants had to face the cost of the passage from lower levels of income. For an agricultural worker in the north of Spain, the cost of the trip in the 1880s was around 153 working days in a working year of around 250 days. However, this income constraint was relieved by the sending of remittances and prepaid tickets to finance the moves of relatives and friends. The same situation developed in Italy and presumably in Portugal, thus explaining the massive emigration in the first decade of

⁴ The British data in Bruce I. Sacerdote, "On Transport Cost From Europe to the New World" (unpublished manuscript, Harvard University, 1995). I am grateful to Tim Dore for this reference and to Bruce Sacerdote for allowing me to use his unpublished data.

⁵ It should be borne in mind that Spanish data refer to prices from Galician ports. The trip from the Canary Islands to Cuba was cheaper.

Table 10.2. *Transatlantic passage fares, 1850-1914 (in current \$)*

	Spain-Brazil	Spain-Argentina	Spain-Cuba	Britain-USA
1850-1860	n.a.	\$45.18	\$33.32	\$44.00 ^a
1870-1880*	\$50.71	\$52.30	\$36.70	\$26.55
1881-1890**	\$45.54	\$46.60	\$32.10	\$20.40
1904-1914***	\$31.20	\$35.19	\$34.21	\$33.00

Notes:

* For Latin American countries, 1872-1880.

** For Spain-Cuba, 1881-1886.

*** For Spain-Brazil, 1906-1914; for Britain-USA, 1904-1912.

^a Fares were exceptionally high for the years 1850-1851. Average fare for 1852-1862 were \$36.90.

Sources: Spanish data refer to passages from Galician ports: Alejandro Vázquez Gonzalez, *La emigración gallega a América, 1830-1930* (Ph.D. dissertation, Universidad de Santiago de Compostela, 1999). Britain-USA data refer to passages from Liverpool to New York: Bruce I. Sacerdote, "On Transport Cost from Europe to the New World" (unpublished manuscript, Harvard University, 1995). I thank Tim Dore for this reference.

the twentieth century. Table 10.2 also documents a convergence trend of Spanish fares with British fares: in the first decade of the twentieth century, a period of massive emigration from Spain, fares to Latin America were quite similar to those from Britain to the United States. We have also scattered evidence for passenger fares from Spanish ports to the United States in the years 1911-14: for Spanish emigrants, the trip to the United States cost \$40, compared with \$38 to Brazil, \$33 to Argentina, and \$39 to Cuba. British emigrants to the United States had to pay \$34 to travel to the United States in those years. The role of migratory networks, the diffusion of information (or the lack of it regarding the United States), culture, language, and the existence of old colonial links in the case of Cuba seem to explain the Spanish preference for Latin American countries better than the cost of the passage.

However, the significance of the transport revolution for emigration traffic lay not so much in the declining price of the ticket shown in Table 10.2 as in the increasing speed, comfort, safety, regularity, and accessibility of passenger services. The average time for the travel from northern Spain to Cuba in the 1850s was thirty-eight days by sailing vessels. By the early 1900s, steamers could do the trip in about nine to twelve days. The same trend is found in the River Plate route, where steamers cut the trip from around fifty-five days in the mid-nineteenth century to twelve days in the

1910s. This dramatic reduction in the duration of the Atlantic crossing was important in two different ways: one, it reduced effectively the cost of migration when the opportunity cost of the earning time wasted on board is added to the monetary cost of the trip; and two, it was particularly important for temporary migrants and contributed decisively to raise their rate of return. For seasonal migrants, such as the *golondrinas* (swallows) between Italy and Argentina at different harvest times, it is quite obvious that this kind of migration would have been impossible in the days of the sailing ships.

Spanish and Portuguese emigration was largely concentrated into selected destinations in Latin America, in contrast to Italian emigration. Iberian emigrants did not head to North America in large numbers, although Italians, particularly from the south, did so. It has been said that from the 1880s onward, international labor markets were segmented along a Latin versus non-Latin divide.⁶ However, although it is true that Latin America gained its European immigrants mainly from southern Europe, there was also a considerable flow of migrants from central Europe and from east and southeast European countries in the years prior to World War I. All of these European regions of departure were, to a far greater degree than Portugal or Spain, also countries of origin for the migrations to the United States. In the late nineteenth century, northern European emigrants had long and well-established migratory traditions toward the United States, which was a country that showed the greatest ability to absorb relatively large numbers of immigrants because of its own size: in the 1860s, the United States population was around 30 million, compared with 1.5 million in Argentina. Therefore, the ability of Argentina to attract large numbers of immigrants relative to its own population is striking not only in the Latin American context but also compared with Australia or Canada (Table 10.3).

The "new immigrants" from southern and eastern Europe, who joined the flow since the 1880s, were different from those who crossed the Atlantic in the earlier waves. Early and mid-nineteenth-century immigrants often traveled in family groups, they intended to acquire land and settle permanently in the New World, and their occupational backgrounds were

⁶ Alan M. Taylor, "Mass Migration to Distant Southern Shores. Argentina and Australia, 1870-1939," in Timothy J. Hatton and Jeffrey G. Williamson, eds., *Migration and the International Labor Market, 1850-1939* (New York, 1994), 5-71; Hatton and Williamson, *The Age of Mass Migration. Causes and Economic Impact*, ch. 6 (New York, 1998).

Table 10.3. *New World immigration rates by decade (per thousand population)*

	1861-70	1871-80	1881-90	1891-1900	1901-10
Argentina	9.9	11.7	22.2	13.7	29.2
Brazil		2.0	4.1	7.2	3.4
Cuba					118.4
Australia	12.2	10.0	14.7	0.7	0.9
Canada	8.3	5.5	7.8	4.9	16.7
United States	6.5	5.5	8.6	5.3	10.2

Source: Jeffrey G. Williamson, "Real Wages Inequality and Globalization in Latin America before 1940," in Pablo Martín Aceña, Adolfo Meisel, and Carlos Newland, eds., *La historia económica en américa latina. Revista de Historia Económica Special Issue* (1999), 101-42.

those of semiskilled artisans displaced by industrialization. In contrast, late nineteenth-century immigrants traveled alone in higher numbers (except those who went to Brazil), they entered urban unskilled occupations, and, to a lesser extent, became agricultural tenants. The majority of them were common laborers, with a high proportion of illiterates. They also exhibited high rates of returns. The high return-migration rate among immigrants from southern Europe, the so-called birds of passage, is often explained by two reasons: the transport revolution that made the return trip easier, with shorter and cheaper trips, as mentioned earlier, and the intention of returning before departure of the immigrants themselves as a different migratory strategy from those pioneers who settled in the land. It has also been argued that access to land ownership was more difficult in Latin American countries than in the United States, but there is a growing consensus in the literature that these "new immigrants" were really looking for temporary migration to maximize the wage differential between the sending and receiving countries. It also must be remembered that when massive immigration arrived in countries like Argentina, there was no empty land because the land had been effectively distributed among natives and a few pioneer immigrants. Gallo and Cortés Conde have argued that the agricultural tenancy system that prevailed in the Argentinean pampa was an efficient institution both for immigrants with hardly any capital and for landowners with large extensions of land to cultivate. In contrast, the plantation system in Brazil and the Caribbean was never the best environment for immigrants to gain access

to land ownership, although some immigrants became small landowners in southeast Brazil.

Traditional studies on international migration focused on income per capita differentials between sending and receiving regions in order to explain why people migrated. According to Maddison's figures, gross domestic product (GDP) per capita grew at an annual rate of 2.5 percent in Argentina, 0.3 percent in Brazil, 2.2 percent in Mexico, and 1.2 percent in Uruguay during the period 1870–1913. Between 1913 and 1950, Argentine, Mexican, and Uruguayan growth rates decreased to 0.7, 0.8, and 0.9 percent, respectively, whereas Brazil had a better performance (GDP per capita grew at 2%).

In recent years, it has been forcibly argued that the relevant variable for studying international migrations is not per capita income but real wage differentials. People made their calculations based on future earnings and not on a statistical variable such as GDP per capita. The pioneering research done by Cortés Conde in relation to Italian and Argentine wages was the first step in that direction. Thanks to the work done by Williamson, we can now document real wages on a yearly basis in Latin America for Argentina, Brazil, Colombia, Mexico, and Uruguay from 1870 onward, and for Cuba since 1905. Data refer to purchasing power-adjusted real wages for urban unskilled labor. Some might argue that rural wages could be more relevant to future immigrants in Europe if they were thinking of working on the land. Although many immigrants might have originally had that intention, the immigrant population in Latin America mainly concentrated in the urban sector. Seasonal migrants, such as the *golondrinas* in the Argentine pampa, were surely more affected by agricultural wages in the host country. The same can be said for immigrants in the sugar plantations in Cuba in the 1920s, but *golondrinas* were only a tiny minority of the total flow of immigrants to Argentina and many of the immigrants to Cuban agriculture ended up being employed in the urban sector. The same happened to immigrants in the Brazilian plantations who moved to the industrial sector in the city of São Paulo.

From an aggregate point of view, Williamson's real wage series provides a general picture of the evolution of wages in Latin America, which is homogeneous and comparable to those in the countries of origin. Moreover, the Latin American real wage hierarchy and evolution seem to be consistent with other qualitative and quantitative accounts.⁷ Argentina and Uruguay

⁷ This is hardly surprising because Williamson's data relies heavily on independent studies carried out at national levels, such as those of Robert Cortés Conde, Luis Bertola, and Alan Dye, among others.

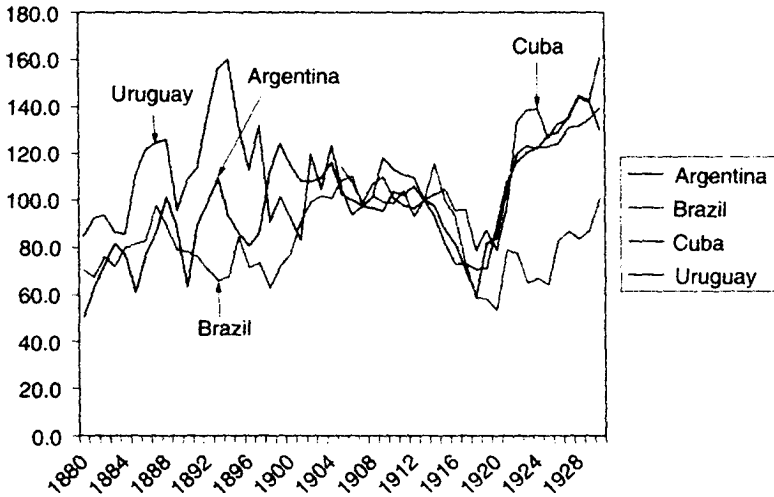


Figure 10.2. Latin American real wages, 1880–1940: immigration countries (1913 = 100).
 Source: Jeffrey G. Williamson, "Real Wages Inequality and Globalization in Latin America before 1940," in Pablo Martín Aceña, Adolfo Meisel, and Carlos Newland, eds., *La historia Económica de América Latina, Revista de Historia Económica* Special Issue (1999), 101–42.

show the highest wages up to 1914. The Cuban sugar boom in the 1920s explains the high wages in that period (Figure 10.2). In the 1870s, real wages in Argentina were around 76 percent relative to Great Britain. In the first decade of the twentieth century, Argentinean wages were 96 percent those of Britain, whereas Uruguayan wages were almost 88 percent relative to Great Britain. The rest of the six countries sampled in the Williamson study did not show wages as high as those in the River Plate. Brazilian wages in the southeast, where immigrants concentrated, were just 42 percent relative to British wages in the first decade of the twentieth century and Mexico attained a relative level of 42 percent. Cuba only reached wages around 90 percent of the British in the 1920s. These data can partly explain why the British did not migrate in great numbers to the Latin American countries, but the relevant comparisons are with those countries in Latin Europe that did send workers to Latin American countries: Italy, Portugal, and Spain (Table 10.4 and Figure 10.3). Wages in Argentina and Uruguay were systematically more than 200 percent higher relative to a weighted average of Italy, Portugal, and Spain. They were over 160 percent higher in Cuba in the years prior to World War I, but were also much higher in Mexico than in the Mediterranean countries, though Mexico never experienced mass immigration from Europe.

Table 10.4. *Real wage performance by decade relative to the Mediterranean countries (weighted average of Italy, Portugal, and Spain)*

	Argentina	Brazil SE	Brazil NE	Colombia	Cuba	Mexico	Uruguay
1850s		35.8					
1870s	207.7	48.9	15.5	53.1			
1890s	267.8	47.5	10.1	79.1		173.2	324.8
1909–1913	212.1	47.8	16.8	53.1	160.5	140.9	211.5
1930s	201.1			94.4	152.2	63	187

Source: Jeffrey Williamson, "Real Wages and Relative Factor Prices in the Third World, 1820–1940: Latin America" (Discussion Paper no. 1853, Harvard Institute of Economic Research, October 1998).

Because in the United States real wages were higher than in Britain, it is quite obvious why Latin American countries could not compete with the United States. Within Latin America, hardly any country could compete with Argentina. Consequently, migratory flows were higher in Argentina than in Brazil, Cuba, or Uruguay. Subsidies and contract labor in the coffee sector allowed Brazil to compete to a certain extent with Cuba and the River Plate. Brazilian data pose a challenge for the classic interpretation of migration because of wage differentials: Italians, Portuguese, and Spaniards immigrated to Brazil in large numbers, but real wages in Brazil were less than 50 percent higher than wage levels in the Mediterranean countries. The fact that the Brazilian government paid for travel expenses in an extensive immigration subsidy program can explain why southern Europeans went to Brazil in spite of a not very high wage gap: subsidized immigration allowed potential emigrants to Brazil to overcome the income constraint that would have prevented many of them from long-distance immigration. However, in the Brazilian case, neither real wages in the coffee sector nor urban wages, such as those in Williamson's study, can satisfactorily explain the migratory flows. Focusing only on real wages does not suffice to explain Brazil's immigration.

Money wages in the coffee plantations of southeast Brazil, where the majority of immigrants settled, came from three separate sources. First, there was the payment established in the *colono* contract for the care of the coffee trees through the annual production cycle. According to Holloway, this salary accounted roughly for one half to two thirds of the income of the

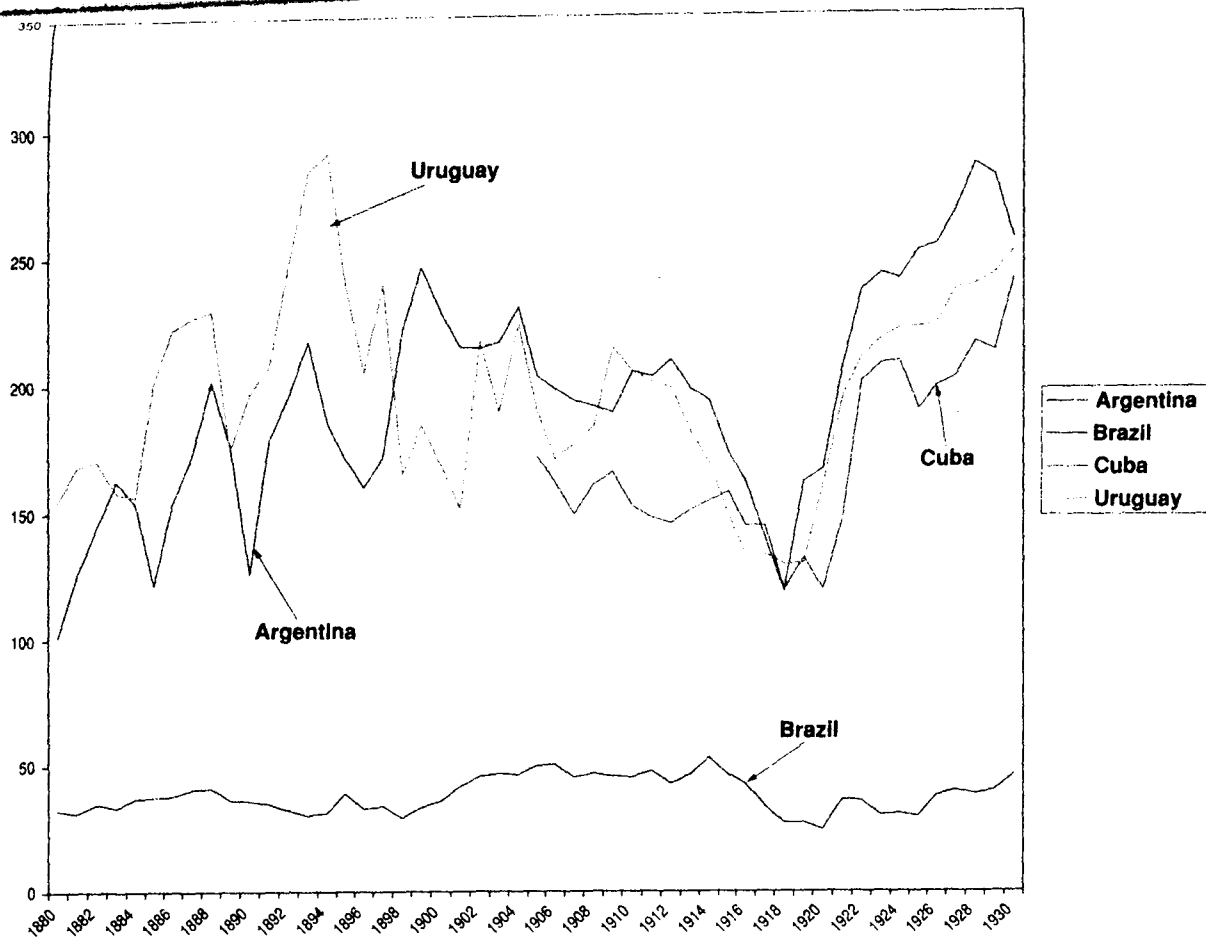


Figure 10.3. Real wages relative to the Mediterranean countries (1913 = 100).

Source: Williamson, "Real Wages, Inequality and Globalization in Latin America before 1940," 101-42.

colono family. The second important source of money wages came from the coffee harvest. As in the first case, the family contracted its labor as a unit. The harvest portion of the *colono's* family income fluctuated considerably from year to year because of wide variations in yield per coffee tree. The third source of money income, which was much less important than the other two, came from occasional day labor. Money wages were also different in the frontier, the intermediate areas, and the older zones of southeast Brazil. Moreover, any analysis of the standard of living of the coffee workers in Brazil is incomplete without considering the nonmonetary income workers received, which was a crucial part of the system. Free housing was a standard provision of *colonos'* work contracts. They were also provided with land to grow their own food and with pasture for livestock. *Colonos* were also allowed to sell their produce to rural stores.

Because the coffee worker paid no rent, either in money, products, or labor, in return for these nonmonetary provisions, generalizations about the *colono's* real wages are difficult to make. Food and rent are always an important part of a worker's budget, and Holloway estimates that perhaps 70 percent of a *colono* family's total income came in the form of free housing, food crops, or pasture lands. Thus, advantages that the *colono* contract offered to the immigrant workers are not captured by Williamson's real wages. The system included the security of a minimum annual income, low expenses, and, consequently, the possibility of accumulating savings through free housing and cheap food, and finally the possibility of maximizing family income by fully using the labor of all members of the family. Obviously, the larger the number of dependents in the family, the smaller this advantage would be.

The huge wage gap between the sending regions in Europe and the Latin American countries has led scholars to argue that the Latin American destination countries experienced an unlimited supply of labor. The similarities between Brazil's experience and Arthur Lewis's model of economic development with "unlimited supplies of labor" because of immigration from Europe were discussed at length by Leff. Lewis himself thought it was the case for Latin America in the late nineteenth century, and Cortés Conde and Díaz Alejandro strongly argued the same for Argentina: without European immigration, the elastic supply of labor in the Argentinean labor market would have been impossible to achieve on the basis of the native labor force alone. After the abolition of slavery in Brazil, which had provided the coffee planters in São Paulo with an elastic supply of labor, a new labor market

institution was developed to maintain that elastic supply of low-cost labor from overseas: subsidized immigration. By bringing immigrant workers from Europe, Brazilian planters were able to keep wage levels low. Output and employment in the export sector of the economy could expand over the long run with minimal upward pressure on real wages: between 1880 and 1914, real wages in the coffee sector do not seem to have increased. The interest of the planters in securing a large supply of low-wage labor is clear, but the native Brazilian population, particularly laborers in the northeast, might well have benefited from a reduction in the supply of unskilled labor from overseas. The question then is why coffee planters preferred to subsidize immigration from overseas instead of hiring native workers from the low-wage areas of northeast Brazil. Brazil lacked an integrated national labor market, but political interests of the planters also played a role.

The hypothesis concerning the elastic supply of labor from the Mediterranean countries has been put to an econometric test recently by Hatton and Williamson, who show that for the three Latin countries in Europe, the wage gap between sending and receiving countries certainly influenced emigration, but the elasticities are relatively small. In all three cases, a 10 percent increase in the wage ratio raised emigration by less than one per thousand in the long run, compared with Britain and Ireland, where long-run responses of 2.2 and 2.3 per thousand are observed. This result provides strong evidence to support the view that the supply of Latin European labor to the New World was not relatively elastic, as assumed in the literature. According to them, late nineteenth-century emigration from southern Europe was not income constrained and the supply of labor from Latin countries in Europe was not more elastic than the rest of Europe. However, more detailed research has shown that emigration was indeed income constrained in Spain and Italy.⁸ The unlimited-supply-of-labor hypothesis still awaits further testing, particularly for Brazil, the most challenging case.

Real wage gaps between sending regions in Europe and the New World do not explain the choice of destination of emigrants from southern Europe. Italian wages in 1870 were 44 percent of those in Argentina and 22 percent of those in the United States. In the 1870s and 1880s, the majority of Italian emigrants went to Argentina and not to the United States. Spanish

⁸ Sánchez-Alonso, "Those Who Left and Those Who Stayed Behind: Explaining Emigration from the Regions of Spain, 1880-1914," *Journal of Economic History* 60 (2000), 730-55, and Faini and Venturini, "Italian Emigration in the Pre-War Period" in Hatton and Williamson, *Migration and the International Labor Market, 1850-1939*, 72-90.

wages in 1870s were 57 percent of those in Argentina but only 30 percent of those in the United States. Between 1900 and 1913, less than fifty thousand Spaniards emigrated to the United States and the numbers were lower in the nineteenth century. One of the most distinctive features of Spanish emigration and, to a certain extent, of Portuguese as well, is a constant and persistent orientation toward the Latin American countries. Languages or the similarity of language in the Italian case, religion, and cultural identity have often been invoked as an explanation for the Mediterranean preference for Latin America. Unlike Italians and Portuguese emigrants from the Azores, who gradually broke down the cultural and language barriers and headed to North America, Spaniards did not. Cuba, where Spaniards enjoyed a privileged position until 1898, may have acted as a substitute for the United States. Spanish emigrants obviously preferred a Spanish colony to the American market; consequently, they never developed migratory chains or acquired sufficient knowledge of employment opportunities in the United States. After Cuban independence, they continued emigrating to Cuba in even larger numbers than before. Destination-country policy might also have been a powerful explanation of the destination choices of emigrants from southern Europe, particularly in the case of subsidized immigration to Brazil.

The Italian case stands in sharp contrast to Portugal and Spain. Italians shifted destinations from Latin America to the United States. In the period 1886–95, more than 38 percent of Italian emigrants chose Argentina and Brazil as destinations, whereas only fewer than 16 percent went to the United States. The trend was reversed in 1906–15, when only 15 percent of Italians went to the two Latin American countries in contrast to nearly 40 percent to the United States. In the north of Italy, Argentina and Brazil were the favored destinations for 75 percent of the emigrants between 1881 and 1911; in the same period, 65 percent of southern Italians chose the United States. Econometric exercises carried out to explain these differences in Italian emigrants' overseas destinations have come to no conclusive results. It seems that path dependency and the diffusion of information across immigrant networks played an important role, or it could be that different labor markets in Argentina and the United States attracted different Italian emigrants.

Latin America was late entering the age of free mass migration. Massive inflows were limited from the last decade of the nineteenth century (down-turn years for intercontinental migration) to 1914. Prior to World War I,

Latin America had to compete for labor in the international market with the United States and, to a lesser extent, with other destination countries. After World War I, economic development in the European countries of origin was faster than before, whereas migration flows from southern Europe went to European countries such as France or Germany in higher numbers.

The Latin American real wage hierarchy explains why the River Plate countries attracted the largest inflow of migrants. But other forces mattered as well, as the Brazilian case shows. International labor markets were segmented, but segmentation existed long before the mass immigration era. Italians were already quite numerous in some Latin American countries in the 1860s, and the Portuguese and the Spaniards enjoyed a relatively privileged position in colonies and ex-colonies. Culture, language, and the diffusion of information through early migrants networks were powerful forces directing southern Europeans toward Latin American countries. Immigration policies could have also played a role, but it seems that policies reinforced the already existing trend.

2. IMMIGRATION POLICIES

After independence and particularly in the central decades of the nineteenth century, many Latin American governments tried to attract foreign immigrants for colonization projects. Nevertheless, only a few countries adopted a mass immigration policy. Mass immigration was not popular with all governments. Foreigners, particularly Europeans, were considered as potentially dangerous to the established social and political order and many governments thought that systems such as contract or indentured labor were only suitable for alleviating labor shortages in specific sectors.⁹

Some countries failed to attract large numbers of immigrants in spite of favorable policies. Others, like Peru and the Caribbean countries, opted for indentured immigrants for particular sectors. Policies encouraging mass immigration were implemented in Argentina, Uruguay, Brazil, and Cuba, but with different aims and consequences. The open door policy was

⁹ Virtually all immigration legislation excluded sick and handicapped individuals as well as people with criminal records in the country of origin, anarchists, and other political groups considered dangerous.

a reality, however, only for European immigration. In this respect, the migration policies of the Latin American countries of massive immigration were not much different from those followed by other receiving countries. Chinese workers and, in general, contract laborers were largely excluded in late nineteenth-century United States and Canada. The Chinese were also charged a special poll tax in Australia and New Zealand. Moreover, Australian attempts to specifically restrict Indian immigration were vetoed by the British government on the grounds that India was part of the Empire. Chinese immigrants were also considered undesirable in Argentina, Uruguay, and in the first years of the Cuban republic, but Brazil did receive Japanese immigrants.

Although Argentina and Brazil aimed to attract large numbers of European immigrants and both opted for an open door policy, the means employed to reach the same end were entirely different. Argentina has been considered a textbook case of a liberal immigration policy after the 1853 Constitution and the legislation passed in 1876. Some have argued that the most powerful element in the Argentine immigration policy was the liberal Constitution of 1853 that gave foreigners basic civil rights such as freedom of association, movement, profession, and religion, among others. Only two criteria for exclusion appeared in the Immigration Law of 1876: health and age (people older than sixty were excluded). On the eve of World War I, administrative controls on arrivals, particularly for those considered politically dangerous, were more strict than before but a free immigration policy was applied all through the period. In 1923, some minor modifications imposing certain bureaucratic requirements were introduced into Argentine legislation in order to control more carefully the suitability of immigrants. It was not until 1932 that Argentina established, for the first time, the requirement of a labor contract prior to arrival or proof of financial means. Close relatives of already-resident immigrants were freely admitted.

Immigration policy was designed not only to people the pampa and give value to the abundant natural resources, but also to serve the original goal of bringing culturally "superior" immigrants from northern Europe to eliminate the hostile-to-development colonial mentality and to "civilize" the country. Spaniards were not particularly welcome in the central decades of the nineteenth century, and they were described by a prominent Argentinean, Sarmiento, as a "race of atrophied minds." In the early years of colonization (the 1870s), Argentina tried to attract Protestants from

northern Europe, particularly Germans, but when it became a reality that Italians and Spaniards were actually arriving in massive numbers, the Argentines made virtue out of necessity by inventing the concept of "Latinity" and interpreting the result as a culturally praiseworthy achievement. It is also worth noticing that because the Argentine Immigration Law of 1876 defined an immigrant as a second- and third-class passenger from overseas, people from the neighboring Latin American countries of Paraguay and Bolivia were excluded. Both have large indigenous populations.

With no other immigrant group did the Argentine attitude change so dramatically as with the Spaniards. Spaniards were the hated enemy in 1810 during the struggle for independence, but in the centennial celebration years Argentinean elites were proud to claim colonial ancestors to distinguish themselves from the new urban lower and middle classes made up of immigrants from eastern Europe and the Middle East. Moya has recorded the subtleties of Argentine ruling class mentality that considered that having a Basque family name was a sign of distinction while popular jokes on *gallegos* (Spanish immigrants in general) were, and still are, common. In Argentina, the native population from the interior region was less appreciated as workers than southern Europeans, not to mention the British or the French, who never found any hostility.

The fact that Argentina, in spite of initial preferences, had a de facto open door policy that pulled masses of immigrants from southern Europe has led to the conclusion that Argentine policy did not select immigrants, in contrast to other countries of immigration. Despite somewhat similar endowments, Canadian policies were less favorable to massive immigration than those of Argentina because of a different income distribution and franchise, according to Solberg. Exclusion criteria in Canada moved from a general and vague definition of "undesirables" to the specification, after 1910, of those "immigrants belonging to any race deemed unsuited to the climate or requirements of Canada."¹⁰ Taylor has stressed the fact that Australia's selective policy excluded poor immigrants from southern Europe. Australia did select immigrants from high-wage white northern European labor markets (namely Britain). In contrast, the nonselective immigration policy of Argentina drew immigrants from low-wage, Latin (although white, one must add) southern European labor markets (Italy and

¹⁰ Quoted in Donald Avery, *Reluctant Host: Canada's Response to Immigrant Workers, 1896-1994* (Toronto, 1995), 124.

Spain). According to Taylor different migratory policies attracted, therefore, different types of immigrants and this had long-run economic and demographic consequences (see Section 4).

Australian immigration policy had in common with Argentina's the need to increase population to exploit the abundant natural resources, but Australian policy also had a very different goal: defense against possible aggression (from Asians, it was made clear). Still, in the early years of the twentieth century, Australians felt isolated and vulnerable whereas Argentinians felt absolutely integrated into the Atlantic economy. The main difference between Australian and Argentine immigration policies was, however, that Australia had an assisted immigration program over the entire period, more or less generous according to its own economic conditions: 50 percent of arrivals in the 1870s were assisted but only 10 percent in the crisis years of the 1890s. By contrast, in the entire period of massive immigration to Argentina, 1880–1930, the government paid for immigrants' travel expenses in only three years, 1887–9.

It might be that the right comparison of migration policies should not be between Australia and Argentina but between Australia and Brazil. Although the Brazilian policy that subsidized immigration was not exactly the same as the Australian assisted immigration scheme, both governments took a much more active role in selecting immigrants than did Argentina. It has been argued that in the absence of the assisted passage scheme, a significant proportion of migrants who came to Australia would not have been able to travel.¹¹ The same argument can be applied to Brazil, with its lower wages and harsher plantation working conditions than in rural Argentina or Uruguay. Contrary to Brazil, assisted immigration became highly unpopular in Australia after the 1890s crisis, in which it contributed to high levels of unemployment. In Brazil, subsidized immigration might have been unpopular among native workers and ex-slaves, but it had the strong support of Brazilian planters. The explicit goal of Brazilian immigration policy was to maintain a constant supply of labor to keep wages low. In Australia, the general objective of labor growth was subject to the constraint that living standards were maintained. Whereas in Brazil immigrants were effectively selected to work on the land, in Australia (in Victoria and New South Wales), the nomination system was geared to introduce those

¹¹ This appears quite clear comparing the cost of the trip from Britain to Australia and the United States. In the 1860s, traveling to Australia cost almost double traveling to the United States (\$77 compared with \$39.50).

"classes, and those alone who can readily assimilate in the industrial life."¹² In contrast, immigrants who could pay their own passage to Brazil were considered relatively undesirable because they were believed likely to enter nonagricultural occupations, "thus bringing in consumers instead of elements of production."¹³ Another major difference is that, in Australia, the assisted immigration policy had an evident pro-British bias and the whole system was established in cooperation with the British government. Brazilian policy had also a bias but in favor of the most destitute emigrants from Europe. However, subsidized immigration for poor people was sometimes hardly feasible in the countries of origin without local organized support, and this was more or less easily neutralized by big landowners (*latifundistas*) in southern Europe.

The Australian policy seems to be more consistent with a relative shortage of skilled labor caused by technical progress than with discrimination according to national origins. The root of the problem in Brazil and in other Latin American countries was the unwillingness of employers to use wages to clear the market. According to Bulmer-Thomas, this reluctance to raise real wages concentrated income in the export sector and in the owners of the land, and it also undermined the search for labor-saving technological innovations in response to rising real wages.

Whereas it is clear that Australia actively looked for the exclusion of Asian immigrants, it is not so clear that southern European migrants, namely Italians, were also considered undesirable and effectively discouraged from entering the country as a matter of policy. Italians were most welcome in Australia after 1945 and they were not excluded from Canada, another British Dominion. On the contrary, after 1895, Canada initiated intensive recruiting campaigns in Italy and in rural districts of Austro-Hungary and Russia. We simply do not know how many Mediterranean emigrants were discouraged from traveling to Australia.

Segmentation of the international labor markets by culture, lack of information, and distance costs in the case of Australia were apparently more effective than immigration policies. The international labor market was segmented long before massive immigration started. Pioneer immigrants in Argentina in the 1860s were pulled by others along the chain of migration.

¹² New South Wales Parliamentary Papers, 1913. Quoted in David Pope, "Population and Australian Economic Development, 1900-1930," in Rodney Maddock and Ian W. McLean, eds., *The Australian Economy in the Long Run* (Cambridge, 1987), 48.

¹³ São Paulo. Secretaria de Agricultura, 1896. Quoted in Thomas Holloway, *Immigrants on the Land. Coffee and Society in São Paulo, 1886-1934* (Chapel Hill, NC, 1980), 44.

British emigrants who chose Canada or Australia did so as subjects in an imperial framework that offered them various advantages. Something similar happened to the Spaniards in Cuba before 1898. Potential emigrants from southern Europe had, by the 1880s, well-established connections and numerous shipping companies traveling to Brazil and the River Plate. In the first decade of the twentieth century, these companies were competing in prices and traveling conditions to get more passengers. Emigrants willing to go to Australia would have presumably had to travel first to British ports. At least in the Spanish case, there was not a single shipping company traveling directly to Australia. There was not a large pool of emigrants willing to go to Australia and those who considered it were discouraged by Australian immigration policy. Australia and Argentina were never competing destinations in the Southern Hemisphere.

The main competitor for Argentina was Brazil, and the country to imitate in immigration policies was the United States. When Brazil started its subsidized program in 1888, Argentines thought that they would not be able to compete. It was not by chance that Argentina started paying travel expenses from Europe in the same year. This is a clear example of how one country's immigration policy may have been influenced by the immigration policy of another country. The Argentine program was short-lived – it was abandoned in 1890 because of the Baring crisis. For partly accidental and partly unknown reasons, the majority of the Argentine subsidized passages were distributed in Spain and Italy, thereby reinforcing the already existing trend. After 1890, Argentine politicians decided, in a kind of Darwinistic turn of mind, that spontaneous immigration was better than organized or assisted immigration because only the best would emigrate.

The most outstanding immigration policy in Latin America was that of Brazil. The early beginnings of immigration to São Paulo were not primarily the result of conditions in Europe or a strong pull from Brazil. Rather, the impending end of slavery forced the coffee planters to look elsewhere for workers. Slavery and free labor coexisted for some years. In the period before slavery ended – that is, up to 1886 – more than half a million free and subsidized European immigrants arrived in Brazil to work on the coffee plantations, according to Klein. Constant strikes and revolts of these free coffee workers convinced planters that the two groups should never work in the same units. Thus, when total emancipation occurred and the ex-slaves abandoned the coffee states, the planters of São Paulo, Minas Gerais, and Rio de Janeiro resorted to free immigrant workers. With the

cessation of overseas arrivals of slaves and the downward pressure that they exerted on wages, subsidizing European immigration appeared as the best solution for maintaining a constant supply of labor. The transition went more smoothly than might have been expected because, although labor costs rose, emancipation took place at the height of the coffee boom.

Brazil, like the rest of the Latin American countries, could not compete with the United States, but neither could it compete for mass immigration by offering high wages, as Argentina did. Therefore, the flow was expected to be low if the country relied solely on an open-door immigration policy. In fact, the inflow was smaller than in Argentina but still enough to secure a supply of labor for the coffee plantations. It was perfectly rational from the planters' point of view to use subsidies to shift their labor supply schedule downward, saving on both their current and future marginal labor costs. Between 1890 and 1913, the stock of coffee trees in São Paulo state (used as a proxy for the demand for labor) increased at a rate of approximately 6.5 percent per year. The interest of the planters in securing a large supply of low-cost labor was clear. The subsidized immigration program was an extraordinary success. From 1889 to the Great Depression, nearly 2.25 million immigrants came in, compared with the population of São Paulo in 1886 of 1.25 million. Around 58 percent of all immigrants in that period were subsidized by the state of São Paulo. Italians predominated, supplying 73 percent of all arrivals from 1887 through 1900. Spain and Portugal were also major beneficiaries of the Brazilian system. From 1900 to 1930, the nationality distribution was more diverse. In the 1920s, Romanians, Lithuanians, Poles, and Syrio-Lebanese (the *turcos* as they were popularly called both in Brazil and Argentina because they came from the former Ottoman Empire) also entered São Paulo. Among the new arrivals, the most important single group was the Japanese. Brazilian immigration policy did not discriminate by national origin although southern Europeans were considered superior workers.

Immigrants were not drawn to Brazil simply by high wages but by a combination of transport subsidies, which raised the net private returns to immigrants; labor contracts, which offered them a secure job; and nonmonetary provisions such as free housing, which allowed them to reduce their expenses and consequently increase their savings. By making the subsidy a grant rather than a loan, the planters avoided having workers with a heavy debt burden on arrival, and by channeling it through the government of

São Paulo, planters were able to share costs because everyone who paid state taxes contributed to the program. From 1886, the beginning of its policy of actively promoting immigration, up to 1930, the government of São Paulo spent the equivalent of nearly US\$ 37 million. Funds came from tax revenues on coffee exports, which averaged just over 5 percent of total tax revenues for the entire 1892–1930 period. Almost at the same time that the United States experienced a growing pressure for restrictions on immigration, the Brazilian government was spending millions to attract immigrants.

Holloway provides an excellent description of Brazilian propaganda, the construction of infrastructure (railways and a hostel for immigrants), and the activities of the society created in 1886 to transport immigrants: the *Sociedade Promotora da Imigração*. Going to Brazil was perceived in southern Europe as a good investment. The Italian government tried briefly to ban subsidized immigration to Brazil in 1890–1, but the flow continued afterward and reached the highest levels ever recorded. Literary sources, official propaganda in Italy, and even immigrants' letters stressed the miserable conditions of work on the Brazilian plantations, but Italians kept traveling to Brazil.

To qualify for a subsidized passage, immigrants had to meet well-defined criteria of gender, age, and family structure. In that sense, the Brazilian immigration policy was quite selective. Immigrants had to be European agricultural workers. Nearly all subsidized immigrants listed their profession as farmer (*agricultor*). All those who entered under contract were to be in family units carefully defined: (a) married couples under age forty-five with no children, (b) married couples with children with at least one working-age male per family, and (c) widows or widowers with children, again with at least one working-age male per family. The state paid full passage for persons age twelve and older but only half passage for children in the seven-to-eleven age group and one quarter passage for those aged three through six. Because the shipping companies had to repatriate nonsuitable immigrants, they were strictly selected. The system gave the authorities considerable control not only over which immigrants entered but also over immigrants' occupations after their arrival. Not a single country in the age of mass migration and for such a long period of time had as detailed and selective an immigration policy as Brazil.

After 1900, the subsidy program was changed. The program shifted to a system of partial subsidies. Instead of the current price of the passage, the state paid a set fee of fifty francs for each qualified immigrant and

an annual limit was established on the number of immigrants subsidized each year. The flat fee system was sometimes less than the full price of the passage, but it meant a considerable reduction in travel costs, just as in the Australian assisted immigration scheme. Internal migration and unsubsidized immigration from abroad increased in the 1920s, and this led to growing support for an end to the subsidy policy in official circles. In late 1927, it was finally declared that the government would no longer pay transportation subsidies from foreign countries to São Paulo. The general policy of prepaid ocean passages ended in 1928. São Paulo planters criticized the ending of subsidies, but the collapse of the international economy in the 1930s made it clear that the system had ended forever. According to the immigration policy model developed by Timmer and Williamson, labor market forces account for the greater part of this major policy switch from an open immigration policy with generous subsidies to a restrictive policy in 1928.

The general belief is that the growth of São Paulo's coffee industry and exports in the last decade of the nineteenth century would have been impossible without the influx of immigrants from overseas. But Brazil had a relatively large native population that might have provided a pool of coffee workers. The Brazilian natives, particularly in the northeast, might well have benefited from a reduction in the supply of unskilled labor from overseas, but were excluded from the coffee plantations in the southeast by the segmentation of the Brazilian national labor market and as a matter of policy choice. The large distances between Brazil's regions meant high transportation costs. Free internal labor migration from the northeast to the booming southeast was precluded by the absence of capital-market institutions to finance native workers' investment in internal migration. The question, then, is why planters did not subsidize the internal migration of native workers. Was it cheaper to pay transport subsidies to cross the Atlantic? Was it the lack of transport infrastructure (railways) between the north and south of Brazil that prevented migration to the southeast? It seems unlikely that the transportation costs of bringing workers from the northeast to the southeast of the country exceeded the cost of transporting workers from southern Europe to Brazil. In fact, the planters experimented with efforts to stimulate internal migration in the two decades after 1850, when slaves were shipped from the less remunerative sugar zones of the northeastern regions to Santos and Rio de Janeiro. However, these slaves, many of whom were not field hands, could not fill the enormous demand for agricultural workers in the coffee region. Thus, internal migration proved

too costly to supply cheap labor on a large scale.¹⁴ It may be that northern native workers had low levels of mobility because of political restrictions or had a special attachment to the land because of sociocultural reasons. But between 1872 and 1910, hundreds of thousands of workers from the northeast emigrated to the Amazon region. Beginning during World War I, because of the shortage of overseas immigrants because of the war, the flow of working people from other parts of Brazil to the coffee area grew relative to overseas sources. From 1914 through 1929, a quarter of a million internal migrants passed through the São Paulo government's labor system, and many others entered the state without official assistance. Therefore, paying subsidies to European workers represents a deliberate decision to give them preference. For the planters, bringing subsistence-oriented peasants from northeast Brazil to the coffee plantations was not as desirable as persuading masses of Europeans to come quickly through the immigration program. Part of the reason for this, according to Leff, lies in the racial attitudes of the coffee planters, which led them to prefer European laborers to mulatto workers. However, because the interest of the planters was primarily in securing a large supply of workers, it is not so clear why they should have preferred European immigrants. It does not seem that they were trying to stimulate future economic growth and social change with white immigration of European origin as the Argentines did, and the fact that they willingly accepted Japanese workers in the early decades of the twentieth century casts some doubt on the idea that the planters absolutely preferred European immigrants because of their cultural superiority over the Brazilian native population.

Cuba had also to face the problem of transition to free labor. The British planters in the Caribbean had adapted to the end of slavery by importing indentured Asian workers. Spain could provide no such help from elsewhere in its small empire. There was insuperable opposition in Cuba to free African labor, and the Chinese had ended contract labor in Cuba by the 1880s. The Spanish government also rejected the idea of heavily subsidized immigration as expensive and unfair to small holders who would have to be taxed to support immigration for the benefit of large planters. So the Spanish government tried, quite unsuccessfully, to encourage immigration from Spain and to "whiten" the island through Spanish immigrants,

¹⁴ According to Klein, high transport costs, increasingly severe export taxes, and provincial government restrictions seem to have seriously curtailed this internal slave trade by the late 1870s and early 1880s. It might be the case that this experience led planters to reject the idea of bringing native workers from the northeast.

particularly after the abolition of slavery, to aid the planters who had lost their slave labor force. But whereas in Britain both the government and a wide array of organizations encouraged emigration to Canada and Australia, nothing similar existed in the Spanish case. British imperial discourse led to specific assisted migration plans and recruiting schemes supported from both sides of the migratory flow. Neither before Cuban independence nor after 1900 did the Spanish authorities effectively support emigration to Latin America. During the first years of independence, under U.S. control, highly restrictive immigration laws forbade the importation of agricultural laborers (especially Chinese) to Cuba. In 1906, when sugar production had already regained prewar levels, Cuban immigration policy encouraged the arrival of workers from Europe, in general, and from Spain, in particular. Because Spanish laborers moved quite rapidly to the industrial and urban sectors, hence raising white agricultural workers' wages, the immigration of hired black Haitians and Jamaicans was eventually authorized in 1912. From this time on, as the sugar industry continued to expand, West Indians dominated the labor force on many sugar plantations. West Indians' immigration was further facilitated by the Immigration Act of 1917, which even countenanced the immigration of Chinese, hitherto prohibited. Immigration policy in Cuba was determined chiefly by the needs of the economy and hence by the international demand for Cuban sugar. On the whole, Latin American immigration policies were driven by labor market conditions rather than by ethnic concerns.

In order to understand the different migratory policies adopted during the period by Latin American governments, future research should ask who gained and who lost from massive immigration (Were the immigrants complementary or substitute workers compared with native labor?) and who was in a position to do something about it. The research agenda should go beyond the analysis of well-known facts – for example, that losers are always unskilled labor and winners are the owners of other factors of production, land, capital, and perhaps even skills. Where land ownership and political control were highly concentrated, an increase in the scarcity of labor relative to land created both a demand for and a supply from the landowner-controlled governments of policies encouraging immigration, either through indenture contract systems or by subsidizing immigrants to travel to the plantations or large estates.

The issue of unemployment and how it affected the perception of immigration in Latin America has not been fully examined in the context of immigration policies. High rates of return migration in periods of crisis

and relatively high unemployment, such as Argentina in the 1890s, might be understood as similar in outcome to what a policy of immigrant restriction would have achieved. Research has not yet established whether the skill premium on wages was further increased by more unskilled immigrants. Studies of electoral participation and the franchise struggles could yield some clues about who was in a position to do something in the political arena.

3. DID LATIN AMERICA RECEIVE “LOW QUALITY” IMMIGRATION?

In spite of the intentions of the Latin American governments to attract immigrants from northern Europe, the arrival flow was mainly from southern Europe: Italy, Spain, and Portugal. These immigrants are often alleged to have been more illiterate, poorer, and more backward than those who went to the United States. As far back as the Dillingham Commission in the United States, the general belief in the low quality of immigrants from southern Europe has been repeated in almost all accounts of transatlantic migration. The idea that Latin America received immigrants poorer than those who went to the United States comes from the comparisons made, in macroeconomic terms, of the countries of origin. It is true that Italy, Spain, and Portugal were poor and backward nations compared with Great Britain or Germany in terms of per capita income, but were Italian immigrants themselves poorer than Swedish or Irish immigrants? Were northern Italians emigrating to Argentina in the 1880s more backward than the Irish traveling to the United States in the 1860s? This section explores the issue of the “low quality” of southern European immigrants by analyzing their occupation and literacy rates and their potential contribution to economic development in the Latin American countries via the creation of social capital.

As elsewhere, immigrants to Latin America were typically young adults who carried very high labor participation rates to the receiving countries. The benefits of emigrating were greater for single, unskilled, young adults than for the population at large. Being unskilled might also have been an advantage because the immigrants had little technology or country-specific human capital and, therefore, would have had less to lose in future rents in the host country. Sometimes unskilled occupations, particularly in the case of women, such as seamstresses, washerwomen, or cooks, were readily transferable to a new urban labor market.

Two different aggregate sources can be used to analyze occupational distribution among immigrants: migration statistics and population censuses in the countries of destination. Immigration statistics in the receiving countries always recorded the immigrant's profession. Apart from broad classifications such as agricultural worker or commerce employee, the problem with these data is that immigrants usually declared the profession they believed was going to be better received in the host country. In Cuba, the strong pull from the sugar sector explains why around 80 to 90 percent of immigrants arriving to the country in the first decade of the twentieth century declared themselves to be hired hands or agricultural workers. Sometimes immigration officials carelessly compiled the lists writing quotation marks after the most frequently cited professions: farmers or agricultural workers. The same problems can be found in the emigration statistics in Europe.

Passenger ship lists are also useful for analyzing the personal characteristics of immigrants. Up until now, this possibility has hardly been explored for the Latin American countries, in contrast to research done for the United States and Australia. Because passenger lists are normally nominative, data linkage with censuses, municipal registers, or other nominative sources allows tracing mobility in occupation across time.

The broad picture that emerges from aggregate statistics is one of a migratory flow overwhelmingly composed of unskilled labor from rural origins. Even in Argentina, the most diversified economy, the majority of arrivals were agricultural workers and day laborers (*jornaleros*), although there are interesting differences between the two largest immigrant groups. Italians had a higher proportion of farmers, whereas Spaniards were much more often classified as day laborers. The "Various Professions" group is more numerous in the Italian case than for the Spaniards. A careful examination of arrival statistics shows that in 1913, Italian masons and carpenters were more than double the Spanish percentage. It might be that the better knowledge Italians had of the Argentine labor market explains this greater professional diversification, particularly in the early decades of the twentieth century when the diffusion of information about opportunities in the destination countries was widespread across Italian regions.

The low quality of immigrants has also been a common feature of almost all accounts of Brazilian immigration. Because they arrived with subsidized passages, it is generally assumed that people who went to São Paulo were from the lowest economic levels of the groups that emigrated to the New World. It has been argued that the whole subsidizing program had

the explicit goal of importing workers so destitute that they would have no choice but to work on the plantations, so Brazil got "the poorest of the poor" bringing in the painful spectacle of their illiteracy and poverty. Argentine immigration officials frequently complained of the low quality and extreme backwardness of European immigrants reemigrating to Buenos Aires from Brazilian ports. Brazilian records of arrivals show that 79 percent of Spanish immigrants through the port of Santos were classified as agricultural workers, in contrast to only 48 percent of the Portuguese and half of the Italian immigrants. The second most numerous group were individuals with no profession, presumably women and children. The majority of immigrants to Brazil arrived in family units and were agricultural workers, a pattern influenced by the eligibility requirements for transportation subsidies. However, the fact that emigrants to Brazil from Portugal, Spain, and Italy came from the relatively less backward areas of the north and not from the poorer south, where masses of agricultural day laborers were allegedly living in miserable conditions, casts some doubt on the expression "the poorest of the poor."

The distinction between occupational sectors such as agriculture, commerce, or industry drawn from the aggregate statistics may have been meaningless for two main reasons. First, in the European countries of origin, the majority of the active population was employed in agriculture. In 1911, 60 percent of the male labor force in Italy was still engaged in the primary sector and the majority of the unskilled laborers, no matter what their designation in the statistics, in fact, came from the rural population. Higher percentages of employment in agriculture and lower rates of urbanization are found in Spain, Portugal, and other countries of origin of immigrants to Latin America. It would have been surprising had European emigrants to Latin America from southern and eastern Europe had lower percentages of agricultural workers than their countries of origin. The second reason is that because immigrants often changed country and occupation at the same time, especially when they were young, it is not clear whether the information about immigrants on their arrival is a useful indicator of their subsequent labor market performance.

What all these immigrant groups brought was not wealth but the ability to create wealth, whether on a modest scale or a grand scale, through specific skills or just hard work. What is clear is that they did not share the disdain for work of the original Spanish and Portuguese settlers' in Latin America (or the British in India). Census information provides a better picture of the adjustment of immigrants to the host labor market.

Not all Latin American censuses differentiate foreigners by nationality or country of origin, and most of the time it is impossible to get information about second-generation immigrants from official censuses. By definition, a census records population at one time. Therefore, it is impossible to distinguish between permanent and temporary immigrants and to know about their length of stay in the country. The length of stay is a crucial variable for tracing immigrant cohorts and analyzing patterns of social mobility. Spanish families living in the city of Buenos Aires in 1895, when a national census was done, presented a low occupational profile in general terms, but their average length of stay in the country was five years or less, presumably because the majority of them arrived in the late 1880s when the Argentine government paid for their travel expenses. Over time, immigrants were better able to match their skills with opportunities in the local labor market. That is why research with nominative data, such as that by Moya for the city of Buenos Aires, has proved so useful.

The broad picture that emerges from population censuses is that immigration to Latin America contributed decisively to the urban labor force in commerce, industry, construction, domestic service, and the general unskilled labor force. In some countries, immigrants were particularly successful in becoming owners of industries or commercial enterprises. Even if the goal of many immigrants was to work on the land, the fact is that for a majority of them migration was rural-urban migration, although this transition was accomplished by crossing the Atlantic. The highest concentration of immigrants in urban populations was found in the River Plate countries. Foreigners made up 35 percent of the total urban population in Argentina in 1895 and 37 percent in 1914. The proportion is much higher in Buenos Aires, where almost half the population of the city in 1914 was composed of immigrants. Montevideo was also a city made up with foreigners - 30 percent of the population in 1908.

Immigration, then, contributed decisively to the rate of urbanization in Latin America. In 1910, those countries with the most immigrants had the highest percentage of their populations living in towns with 20,000 or more inhabitants: Argentina 28.4 percent, Uruguay 30.3, and Cuba 28 percent, compared with the 10.3 percent of urban population in Mexico. The exceptions to this general trend were Brazil, with a low rate of urbanization (12%), and Chile, with a higher percentage of urban population (23%). Actually, the Southern Cone countries' rates of urbanization were higher than those in the countries of origin of immigrants (27%, 12.3%, and 17% in Italy, Portugal, and Spain, respectively) and similar to the United States (30.9%).

This concentration of immigrants in urban activities has often been explained as a result of the existence of a wealthy native oligarchy who prevented immigrants from settling on the land and becoming landowners, in sharp contrast with what happened in the United States. This traditional stereotype has been partially rejected for some countries. In Argentina, Cortés Conde and Miguez, among others, have shown that the agricultural land market was open and that many more immigrants than is generally believed became landowners. A different matter is the fact that many immigrants in the pampa region opted for tenancy or sharecropping, particularly the Italians. The advantages of being a tenant farmer, given lack of capital and knowledge of the new environment and cultivation system, have been forcibly argued by Gallo. In 1914, foreigners owned 37 percent of rural properties in Argentina (medium and small) and made up 60 percent of tenant farmers. Data for Brazil also show that immigrants acquired rural properties in a higher proportion than the literature suggests. Destitute and backward immigrants in Brazil, as the literature has described them, were able to accumulate savings and to buy plots of land. Although immigrants were, in general, underrepresented among rural proprietors, 14.3 percent of owners in São Paulo in 1905 were Italians. Only fewer than 4 percent were Portuguese, the largest urban group among immigrants in Brazil. Portuguese properties had, however, a higher average value and size than those of Italians. In 1934, according to Holloway, the picture was more or less the same for the Portuguese regarding the average value of their properties, but the Italian properties had a much higher value than in 1905.

The timing of arrival and the existence or nonexistence of colonial links can explain differences in access to land for different immigrant groups. Italians were the most successful in acquiring land in Argentina because they were the pioneer group in the era of mass migration. In the 1880s, the ratio of Italian arrivals to Argentina compared with Spaniards was fourteen to one. When massive Spanish immigration to the country reached its peak in the years prior to World War I, Argentina was much more urban than in the 1880s. Some early immigrants to Argentina, such as the Welsh or the Basques, were also extremely successful in becoming landowners. The colonial links of the Portuguese with Brazil and the Spaniards with all the rest, particularly with Cuba until 1898, explain why the population from the ex-metropolis concentrated in the urban and commercial cities like Rio de Janeiro and Havana and not in the rural sector. The high proportion of Spanish-born bank employees in Cuba in 1907 (56.9%) reflects the weight of Spanish banks in Cuba in the years before independence. The advantage

of the language and established connections with local commercial networks contributed to reinforce this trend. The experience of the Spaniards in Mexico illustrates this point clearly. Spanish immigration flow to Mexico hardly reached 0.2 percent of the Mexican population in 1910 (29,500 individuals). However, their influence in the creation of Mexican industries, businesses, and commercial enterprises has led Mexican historians to define these immigrants as a "privileged immigration." Urban orientation was clear among Spanish immigrants; during the *Porfiriato*, Spaniards belonged to the high middle class in the main cities of the country. In 1930, only 3 percent of the Spaniards living in Mexico were engaged in agriculture; many were influential in the Mexican business sector.

In Cuba, after independence, even though one in three Spanish-born males was employed in agriculture, Spaniards were responsible for 56 percent of all commercial activities. In the 1920s, with the arrival of massive immigration from the West Indies to the sugar industry, Spaniards were progressively displaced out of the agricultural sector. The predominance of Spaniards in the commercial sector is also noticeable in Argentina, not so much as owners, where they competed with other immigrant groups like the Italians, the British, or the French, but as employees because of the language advantage. In 1909, Italians, who made up 22 percent of the population of the city, owned 38 percent of the commercial establishments in Buenos Aires. According to Moya, Spaniards were more successful than native workers in Buenos Aires in securing skilled occupations and entering into commerce, but less successful in securing white-collar jobs. Compared with their Italian competitors, Spaniards showed an advantage in language skills and literacy rates but were unable to translate this into a clear dominance in the labor market.

Southern European immigrants to the Latin American countries were generally overrepresented in commercial activities in the urban centers. Given the high rates of return migration and considering that many might never have had the intention of settling permanently in the receiving country, it is not clear why low access to landownership should be considered an indicator of immigrant failure or low quality. Research done in the southern European emigration countries shows that the main goal of emigrants was to buy land not in the immigration country but in their country of origin with savings accumulated during the migration years.

The general picture found in the literature about the "low quality" of the immigrants to Latin America comes from the comparison within the United States labor market between "old" immigrants coming from

northern Europe and "new" immigrants from the southern and eastern European countries. This picture, however, is entirely reversed, for a particular case: the Italians in Argentina compared with Italians in the United States. Italian integration, success (whatever the definition of success), and mobility differed markedly between the two societies. The United States received a larger group of unskilled and illiterate day laborers from the south of Italy whereas Argentina received the more qualified and literate immigrants from the north. Baily makes clear that those Italians who chose Buenos Aires as their destination were better received by the host society and generally achieved greater economic and social success than those who went to New York. Regarding the rate of property ownership, Italians did far better in Argentina than in the United States, and a comparative analysis carried out by Klein concludes that Italians were the most successful immigrant group in Argentina, even more than the Spaniards, who were almost as numerous and had the advantage of the language. Moya's research has also revised the idea of the relative success of Spanish immigrants in Buenos Aires, although his work is confined to the city of Buenos Aires.

It has been argued that it was primarily the differences between the U.S. and Argentine labor markets that explain why the two countries attracted distinct types of Italian immigrants. The timing of arrival, competition with other immigrant groups, and a different attitude in the host society also had an influence in selecting different types of emigrants. In the United States, Italians were not among the first arrivals – they had to compete with older and well-established immigrant groups and with masses of other immigrants arriving at the same time. They lacked the language advantage and cultural affinity. Therefore, in the United States, Italians were at the bottom of the scale among European immigrants. In Argentina, there was an important Italian community even before Italian Unification. In 1869, Italians were already 23 percent of the population of Buenos Aires. At that time, however, there was no Italian community to speak of in the United States. Positive selection of immigrants occurred in the case of Argentina whereas the contrary occurred for the United States.

Low levels of literacy have been a frequently used indicator of the low quality of the immigrants in Latin America. Because, in their countries of origin, literacy rates were lower than in source countries of immigrants to the United States, particularly Scandinavia, the general view that emerges from the comparison with Australia, Canada, and the United States is that of a highly illiterate migratory flow to Latin America. Although this picture is true from a broad perspective, some qualifications can be made on the

human capital brought by immigrants to Latin America. We can gather information on literacy either from the aggregate immigration statistics or from population censuses. The latter can be biased, particularly for children, if immigrants acquired literacy in the host country. This was often true for immigrants, such as the Portuguese in Brazil or the Spaniards in the whole of Latin America, because of the advantage of the language for children attending school in the receiving countries. But the formation of human capital requires society's resources and the cost of educating a large number of immigrants can be substantial.

According to Argentine statistics, 40 percent of immigrants arriving in the peak years of the 1880s were illiterate. In 1914, a year of massive arrivals, the percentage had slightly increased to 41.7, whereas after World War I, it was much lower: 18 percent. It can be assumed that Argentina, which had the most diversified and urban economy of all the massive immigration countries, would have attracted more literate immigrants. On the contrary, it might also be that because Argentina had open mass immigration, the literacy level would have been lower than in more selective flows. Surprisingly, only 34 percent of immigrants older than seven who arrived in the port of Santos in Brazil between 1908 and 1936 were illiterate, but there are sharp differences among national groups. Lower levels of literacy corresponded to Spaniards (65% illiterate), whereas the Japanese showed the highest levels of human capital, with only 10 percent illiterate. Among the European groups, 32 percent of the Italians and 52 percent of the Portuguese were illiterate. The 1920 census showed an illiteracy rate of 56 percent for immigrants compared with 73 percent for the native-born population of the state of São Paulo.

The argument that subsidized immigration attracted more ignorant immigrants to Brazil is only confirmed for the Spanish flow. However, Spaniards seemed to have chosen their destination according to their literacy levels. It is understandable that the more literate Spanish immigrants were to be found in Cuba before 1898 because of the colonial status of the island. But surprisingly, Spanish immigrants were still highly literate after independence. The proportion of literate Spanish immigrants arriving on the island ranged from 62.6 percent in 1912 to 94.1 in 1924. This trend suggests that even when the demand rose for unskilled labor on the sugar plantations, the percentage of literates among Spanish immigrants increased. This trend might also reflect the general upward trend in Spanish literacy in the 1920s. Of the few Spanish emigrants who went to the United States in the 1890s, 90 percent were literate, a proportion that

contradicts the stress sometimes placed on the huge literacy gaps between Scandinavians and "new" immigrants in the United States. Although some historians have expressed doubts about the Cuban data on immigrants' literacy, population censuses show the same picture. Almost 74 percent of the male Spanish-born population aged twenty-one and older living in Cuba in 1899 were literate, and the proportion increased to 77 percent in 1919. Including women and younger population groups would undoubtedly raise the illiteracy levels, but the general picture that emerges from these data conflicts with the traditional image of Spanish emigrants as generally illiterate. With the exception of Brazil and some special cases, such as the Spaniards employed in the construction of the Panama Canal and on plantations in remote places such as Hawaii, Spaniards were always among the most literate group in the countries of destination of massive immigration.

The important issue to consider in analyzing immigrants' human capital is whether they were positively selected according to the literacy levels of their countries of origin and whether they contributed to raise levels of human capital in the countries of destination.

According to the Argentine population census, only 26 percent of Spaniards over the age of seven living in Argentina were illiterate in 1914, compared with 50 percent of the total Spanish population in 1910. Illiteracy rates in Italy were 38 percent in 1911, a percentage similar to that of the Italians living in Argentina. In Portugal, nearly 70 percent of the population was illiterate in 1910 compared with only 52 percent of Portuguese immigrants to São Paulo. It seems, then, that the Latin American countries received a more literate migratory flow, at least from the Iberian Peninsula, than the populations of origin.

However, given the selectivity of the emigration process by age and the concentration of southern European emigrants from a few regions, the comparison of immigrants' literacy rates with the overall literacy rates of residents is inadequate. In the three main European countries of origin, the northern areas from which the majority of immigrants were drawn tended to be more literate than other parts of the countries, particularly in the Italian case. But in Italy, the selectivity of the transatlantic migratory flow seems to have been lower than in other countries: the larger the migratory flow, the closer the typical emigrant was to the average population of origin. When immigrants' literacy is compared with the literacy rates of potential emigrants, from regions of high emigration, the selectivity of the process appears quite clear for Spain and Portugal. In Spain in 1910, 66 percent of

Galician males aged sixteen to twenty were literate and the corresponding figure for the population of Asturias, where the majority of emigrants went to Cuba, was more than 80 percent. The Canary Islands, with low literacy rates and high emigration rates to Cuba and Venezuela, are the exception to the general conclusion that Spanish emigrants were highly selected by literacy levels. In Portugal, in the years 1890-3, comparing male illiteracy rates among immigrants with those of the population from which the emigrants were selected shows that 68 percent of males in the emigrant's age group were illiterate compared with 52 percent of actual Portuguese emigrants. Because 1890-3 was a period of extraordinarily high emigration to Brazil that tended to increase the share of illiterate emigrants, the general conclusion is that Portuguese emigrants were, as a rule, more literate than the Portuguese population.

The literacy rates of immigrants can also be compared to those of the populations in the receiving countries. That the European immigrants had higher levels of literacy than the host population in the countries of destination appears quite clear for those countries with large native populations, like Mexico and Brazil. Brazil and Cuba also had large populations of slave origin with low levels of literacy. It is difficult to make the same assertion about literacy rates of the receiving population in countries like Argentina and Uruguay. Native populations in the River Plate at the turn of the century were already composed largely of immigrants' descendants, impossible to distinguish in population censuses. Leaving aside the fact that not all governments made the same effort to raise the levels of education of their populations, aggregate data show that those countries that had the smallest native population around 1850 and the largest inflow of European population showed the lowest illiteracy rates around 1910. The Latin American ranking is led by Uruguay (25% illiterates in 1908). Uruguay was the country where the ratio of immigrants to native population was highest. Argentina had 38 percent illiterates, whereas Chile, with much lower immigration rates than the River Plate, still had 50 percent of its population illiterate in the 1910s. Mexico's illiteracy rate was 72 percent of the population, higher than Brazil (65%) and Cuba (45%), where the proportion of population of African origin was the largest in this group of Latin American countries. These data are certainly discouraging when compared to literacy rates in the same period in other countries of immigration like the United States (7.7% illiterates), Canada (10%), and Australia (4.5%). Therefore, although immigrants might have contributed to raise literacy levels in some Latin American countries, other forces mattered more, particularly

public support and political commitment to increase the educational levels of the population.

This does not deny the fact that those countries that received the largest number of immigrants could have had an overall better-educated labor force had immigrants been positively selected. Did immigration add special skills or entrepreneurial abilities to the labor force? It has already been mentioned that immigrants were generally overrepresented among industrial and commercial proprietors. Immigrants also contributed importantly to the industrial labor force and urban low and middle classes. In Argentina, Germani was among the first to stress the modernizing role of immigrants and their exceptional contribution to the development of an entrepreneurial class. For Brazil, Dean has argued that in the southeast, immigrants and their children were to play an important role in the supply of entrepreneurship for industrialization in São Paulo and for modernization of the rural sector. Immigrants in Argentina and Brazil came to account for a disproportionately large share of the workers in the São Paulo and Buenos Aires manufacturing systems, but although in the first country there is a wide consensus in the historiography about the positive role immigrants played, there is not a unanimous view for the Brazilian case. After the end of their contracts to work in the coffee plantations, many immigrants moved to the city of São Paulo. Some historians have argued that this inflow was important in increasing the labor supply for local industries. The immigrants' heavy participation in the local industrial labor force did not occur because they constituted a well-trained and disciplined labor force. Moreover, according to Leff, immigration was neither a necessary nor a sufficient condition for provoking the developmental effects that have been credited to it. Industrial growth would probably have occurred in a similar fashion in the absence of immigration. If overseas immigrants had not been available, the supply of labor to fill the growing demand for industrial workers in São Paulo would have had to come from domestic sources. This suggestive counterfactual has never been tested. European workers had, nevertheless, a good reputation as workers both on the land and in the industrial and urban labor force. All reports from Brazil, Argentina, and Cuba concerning the quality at the work place of Italian, Spaniard, and Portuguese immigrants stressed that they were hard-working, sober, enduring, and well-behaved. It was not uncommon for them to work even harder abroad than at home, a fact also noted for immigrant textile factory workers in the United States.

It has also been argued that immigration contributed to the creation and expansion of an internal market for manufactured goods. The role

of immigrants as consumers allowed some industries to benefit from economies of scale, particularly consumption industries such as textiles. Argentine historiography has frequently stressed immigration's contribution to population growth that increased demand for Argentine industries producing for the internal market. A skeptical view is found in the Brazilian case. High income levels because of revenues from coffee exports would probably have been enough to raise the demand for manufactured goods anyway. Given the size of the Brazilian population, increasing demand might well have occurred without European immigration just from raising the wages of the large native population. Immigrants' contribution to the growth of an internal market for manufactured goods in Brazil and elsewhere might have been influenced by the austere consumption standards that many immigrants adopted in their effort to accumulate savings for remission abroad. Born in relatively poor rural areas in Europe, they were used to an extreme frugality. In the long run, however, second-generation immigrants might have had different consumption patterns.

There is no general conclusion to be drawn about the role of immigrants in supplying entrepreneurial skills or about their contribution to the growth of internal demand. For Argentina and Uruguay, a positive answer seems to be part of the general consensus. Immigrants did contribute to the business class in countries with low immigration rates such as Mexico or Chile, but neither in Cuba nor in Brazil can immigration be credited for such an impact.

Finally, immigrants might have also contributed in the host societies to the creation of social capital. Although it is difficult to give a precise definition, social capital is associated with good economic performance, and a growing body of research documents significant correlations between social capital variables, such as membership in civic organizations, and positive economic outcomes. Trust and cooperation are the key words in social capital. Societies work best, and have always worked best, where citizens trust their fellow citizens, work cooperatively with them for common goals, and thus share a civic culture. Because immigrants contributed to the creation of associations, it is worthwhile to see this associational growth in some Latin American countries in the light of the concept of social capital. It is fair to say, however, that although theory and research have tended to confirm the effects of social capital, the underlying mechanisms that create social capital have yet to be fully understood.

In immigration studies, the relatively new concept of social capital might lead to new perspectives on immigrants' associational activities and could be particularly useful in the study of immigrants' contribution to economic development in the long run. Cultural affinity also makes a contribution to the creation of social capital. Southern Europeans in Latin America brought cultural capital that included language, manners, religion, and shared values that were readily accepted in the receiving countries. A lot of research effort has been devoted by historians to analyzing immigrants' associations, mutual-aid societies, newspapers, clubs, and the like in the receiving countries. The Italians, in particular, have received preferential attention, with research done by Baily, Devoto, and others for the Argentine case. High levels of social capital have been found in northern Italy as compared to the south. Because social capital is assumed to be transferable, it may be that the Latin American countries received not only more literate and skilled Italian immigrants but also more immigrants with the ability to contribute to the growth of social capital. In other words, countries like Argentina that received the largest inflow of northern Italians imported social capital from Europe. A successful group, like the Italians all over Latin America, might have succeeded because it had higher levels of social capital than the native population or other immigrant groups.

As in Argentina and the other Latin American countries in the late nineteenth and early twentieth centuries, immigrants from eastern and southern Europe organized mutual-aid societies, social and recreational clubs, newspapers, and the like in the United States. Research similar to what Gamm and Putman have carried out for the growth of voluntary associations in the United States between 1840 and 1940 using city directories might be illuminating for analyzing the contribution of immigrants to associational life in the Latin America immigration countries.

4. IMMIGRATION AND POPULATION GROWTH: DEMOGRAPHIC GIFT OR DEMOGRAPHIC BURDEN?

Contrary to what happened in the second half of the twentieth century, when high population growth was one of the main worries of the Latin American countries, in the nineteenth and early twentieth centuries, population growth was not the main concern of Latin American governments. For some countries like Argentina, Uruguay, or Chile, the problem

was rather the opposite and the solution was to increase population by immigration.

The large numbers of immigrants who settled permanently in Latin America contributed to the growth of the population in the long run. This was especially true for countries like Argentina, Uruguay, and Brazil. In the 1880s, almost 26 percent of total population growth in Argentina was attributable to immigration. Over the next period, 1891-1910, the share attributable to immigration decreased to 14 percent and, in the 1920s, it was only 9 percent. Lower percentages are found in Brazil. In 1901-20, immigration was responsible for only 7 percent of Brazilian population growth, whereas in the high immigration years of 1891-1900, the share was a spectacular 30.2 percent.

Throughout the age of mass migration, those countries that received the largest number of immigrants had the highest rates of population growth. According to Maddison's data, in the years 1870 through 1913, the highest rates corresponded to Argentina (3.4%) and then Uruguay (2.7%). Brazil and Cuba had lower rates of population growth (2.1% and 1.5%, respectively). These rates were much higher than those found in countries with low immigration, like Chile (1.4%) and Mexico (1.1%). High rates of population growth were also found, however, in Latin American countries with extremely low figures of overseas immigration: Costa Rica (2.1%), Dominican Republic (2.7%), and Colombia (1.8%).

Immigration not only affects the overall rate of population growth by increasing both absolute numbers and numbers of young people having children but also by having a direct impact on the age structure of the population. Migration is a very selective process according to age. In the short run, immigration contributes to increase the active population group and hence contributes to the growth of the labor force. Population dynamics tell us that in the long run, the age structure of the population can change dramatically as the population grows. In recent years, the debate on the influence of demography on economic growth has shifted emphasis from population size and growth to the age structure of population. Because people's economic behavior varies at different stages of life, changes in a country's age structure have significant effects on its economic performance. Economic growth and population growth are related because the latter modifies the age structure of the population through the demographic transition. Dividing the population into three age groups, two of dependents (the young and the old), and one economically active, each age group in a population behaves differently with distinct economic consequences.

Children require intensive investment in health and education, prime-age adults to supply labor and savings, and the elderly again require investment in health and retirement plans.

Because immigration directly affects the age structure of the receiving population, both in the short and in the long run, it seems relevant to ask how these changes affected the Latin American countries. Did immigration increase the working-age population and thus produce a "demographic gift" for economic growth? Leaving aside the fact that policies to take advantage of this "gift" have to be in place, immigrants can be considered as a "ready-to-use" working population, thus lowering the cost of resources devoted to the care of children until they reached the working age. However, immigrants themselves, being young, can definitively contribute to increase the number of dependents because they have and raise children in the host country, hence creating a "demographic burden." It is important to establish whether the effect of immigration in Latin America represented a net demographic gift or demographic burden, and whether it was a gift in the short run and a burden in the long run.

Immigrants contributed overwhelmingly to the growth of the labor force because they concentrated primarily in the working age group and, therefore, had an impact on economic development in the long run. This implies that, in the absence of immigration, labor costs would have been higher. Real wages would have been 46 percent higher in 1910 in Argentina. The Brazilian case is not so straightforward because real wages would have been only 2 percent higher in 1910 in the absence of mass migration. Having a larger and probably better-educated labor force will only bear economic fruit if the extra workers can find jobs. Given that immigrants arrived in Latin America because of the availability of jobs, we can assume that, in the short run, the majority of the working-age immigrant population found in the population censuses in the receiving countries were contributing to economic growth. Immigrants increased the economically active population and, thus, the labor force. *Ceteris paribus* this means more output. As the population as a whole grows less than the active population, output per capita increases faster than output per worker.

All immigration statistics show that an overwhelming majority of migrants concentrated in the young population groups: 84 percent of the immigrants to Argentina between 1857 and 1924 were in the thirteen to sixty age group (54% of them were less than thirty years of age). Data from the 1914 Argentine census showed that 86 percent of foreigners were in the active population group (from fifteen to sixty-four). For natives, the same

percentage was 45 percent. In Brazil, 77 percent of immigrants through the port of Santos between 1908 and 1936 were aged older than twelve, a lower percentage than in Argentina because of the larger number of children. In general, immigrants belonged everywhere to the young population cohorts.

An aspect that has been frequently neglected is the fact that many immigrants traveled in family groups, carrying dependents, mostly children, with them. Research has shown that not only was the migratory decision usually a family decision, but that very often all the family emigrated together from Europe. It is well known that the peculiarities of the Cuban labor demand pulled more male immigrants traveling alone than did Brazil. The latter attracted relatively more families with children than other countries, but it may be surprising for some to see the high numbers of family groups migrating also to Argentina. Originally, the immigration policy was designed to bring families to work on the land, but there is a tendency among historians to look at the migration flows according to gender and age and not to family groups in countries like Argentina. In 1895, 48 percent of migrants to Argentina arrived as a family group. As the inflow grew, the family share decreased, but only slightly: in 1913, immigrants' family groups were 41 percent of total immigration. It is difficult to know from these data the proportion of children within these families. It has been documented that some of these family groups, especially among the Italians, were composed entirely of working-age members (e.g., a father and three or four sons). Nevertheless, some nationalities had stronger tendencies than others to travel in family groups. The Spaniards are a case in point. Beginning in 1900, almost 40 percent of Spanish immigrants to Argentina came in family groups, with the percentage growing from the late nineteenth century. Italians presented the opposite trend: more family groups in the nineteenth century and fewer in the years before World War I. Spanish families were also larger than both those of the Italians and the average for all immigrants (3.2 members per Spanish family in 1913 compared with 2.8 for the Italians and 3.0 overall). Spanish families were also overrepresented in Brazil. A mere 18 percent of the Spanish flow arrived without family at Santos in the 1908-36 period, in contrast with 53 percent of the Portuguese. The number of children (32%) was also higher among Spanish family groups in Brazil than other nationalities (19% Portuguese children). Part of the explanation might be different migratory strategies because of the extraordinary diffusion of information about different labor markets. Spanish families opted for Brazil and Argentina, whereas individual Spanish migrants specialized in Cuba.

The data cast some doubt on the overall contribution of immigration to raising the working-age population in the countries of destination. It might be the case that, even if the majority of the population were contributing to the labor force, they were simultaneously raising the number of children. If a large number of families arrived with children, they already had higher dependency rates than individuals arriving on their own. For receiving societies, the costs associated with family immigration were higher in terms of health, education, and public services.

Permanent immigrants, either with or without family at arrival, also contributed to a rise in the birth rate because of their age structure. Did countries of immigration have higher birth rates because of the arrival of this younger population? Or did immigrants contribute to an early start of the demographic transition by lowering birth rates? Data for the first quarter of the nineteenth century suggest that the latter was the case for some countries. Birth rates were lower in Uruguay and Argentina than elsewhere in Latin America in 1900–24 and the decreasing trend is clear from 1900 onward. Cuba had also relatively low birth rates in the 1920s but not before, whereas Brazil shows the opposite trend – lower birth rates at the beginning of the century and higher rates in the early 1920s. Actually, Brazil had one of the highest birth rates in Latin America in 1930.

However, we simply do not know if it was immigration or other forces at work that explain the relatively low birth rates in the River Plate. The majority of arrivals were from high birth-rate areas in Europe (southern countries). Urbanization, education, and economic growth could also have contributed to the decline in birth rates in the River Plate areas as immigrants were influenced by the new environment. In 1895, the average number of children per woman in Argentina was 8.4 for natives and 6.1 for foreigners, but the main differences were between rural and urban women according to their literacy levels. In 1947, the figures were 3.6 children per native woman compared with 3.2 for foreign females. Populations that experience a rapid rate of increase in per capita income generally have lower mortality and lower fertility than those where per capita income grew more slowly. Sánchez-Albornoz argues that the overall high birth rates in Latin America were related to the large share of the rural population. Only the most developed and open countries had started the first phase of the demographic transition by the first quarter of the twentieth century.

With some qualifications about family immigration, immigrants contributed decisively to the growth of the labor force because of their concentration in the working-age group. It seems clear that Argentina and

Uruguay, like other countries in the New World, had a demographic advantage attributable to immigration because the economically active were growing faster than the dependent population in the years 1870 through 1913. However, it has been argued that this positive contribution was offset in the long run because of rapid population growth. Through time, immigrants, particularly if they have high fertility rates, also contribute to the growth of the dependent young.

This is the argument used by Taylor to explain Argentine economic retardation relative to Australia in the age of mass migration. High rates of immigration and more fecund immigrants in Argentina than in Australia contributed definitively to increase the dependent population group and therefore depressed savings, inhibited capital deepening, and retarded economic growth. Foreign capital imports maintained the level of output per worker in the *belle époque* before World War I. In the interwar period, when foreign capital did not arrive as before, Argentina suffered from her low domestic savings capacity because of high dependency rates driven by a fast-growing population swelled by massive immigration. Argentine dependency rates, calculated as the ratio of dependent population (0-15 age group plus those older than 64) to active population, were higher in 1914 than dependency rates in Canada, Australia, and the United States. In the 1940s, however, Argentine rates were similar to those found in Canada but still higher than Australian and U.S. dependency rates.

We do not have any research similar to Taylor's for other Latin American countries. It might be illuminating to compare dependency rates within Latin America in the long run. Table 10.5 presents dependency rates in Latin America both for massive immigration countries and for low immigration countries like Mexico and Chile. In the late nineteenth century, Cuba had the lowest dependency rates of the countries considered. Argentina and Chile, with very different immigration rates, had similar dependency rates, whereas Mexico and Uruguay had the highest. In the first decade of the twentieth century (although census dates are not the same), Argentina had the lowest dependency rate. This can clearly be attributed to the increase in the young-adult population group attributable to immigration. Brazilian immigration policy, which favored family arrivals, could have contributed to the rise in the dependency rate. But in Cuba, where immigration from Europe was predominantly male immigration with no children, native population growth and perhaps the influx of Caribbean immigrants increased the dependency rate notably. The Argentine trend to decreasing the dependency rate is clear in 1947. Even in the 1940s, when the

Table 10.5. *Dependency rates: Latin America and other New World countries (1872-1947)*

Countries						
Argentina	1869	1895		1914		1947
	0.839	0.734		0.688		0.533
Brazil	1872	1890	1900		1920	1940
	0.719	0.755	0.907		0.880	0.815
Cuba		1889	1907		1919	1943
		0.643*	0.698*		0.891*	0.660
Uruguay		1900	1908			
		0.854*	0.777			
Mexico		1895	1900	1910		1930 1940
		0.813*	0.805*	0.801		0.802* 0.796
Chile		1895	1907		1920 1930	
		0.772	0.784*		0.702 0.685	
Canada	1871	1891		1911	1921 1931	1941
	0.883	0.692		0.600	0.645 0.598	0.526
Australia	1861	1891	1901	1911	1921 1933	1947
	0.610	0.666	0.643	0.520	0.567 0.500	0.496
U.S.	1870	1880	1900	1910	1920 1930	1940
	0.754	0.686	0.632	0.547	0.573 0.533	0.488

Notes:

*Age group (15-60).

The dependency rate is the ratio of dependent population (0-15) + (over 64) to active population (15-64).

Source: Calculated from Brian R. Mitchell, *International Historical Statistics. The Americas 1750-1988* (Basingtoke, 1993).

demographic transition was on its way in more Latin American countries than in the preceding period, Argentina clearly had the lowest dependency rates of all. The idea of a demographic burden in Argentina depends entirely on the basis of the comparison.

5. CONCLUSIONS

The global economy evolved slowly through the nineteenth century. Immigration flows reached their highest levels in the early decades of the twentieth century. Latin American countries like Argentina, Uruguay, Cuba, and Brazil participated actively in the international labor market. Other

countries in the region, however, remained poorly integrated with the rest of the world in terms of labor flows.

Much has been written on the international mass migration of Europeans and some efforts have been made to balance the overwhelming United States coverage that has traditionally dominated migration studies. Still, the experience of the Latin American countries is not fully incorporated into current debates on historical migration, in spite of the fact that 13 million Europeans migrated to the region between 1870 and 1930. Even the Latin American country most favored by researchers, Argentina, still lags behind the research done on the United States, Australia, and Canada.

Latin America was a latecomer to the age of free mass migration. In the 1880s, when mass European immigration started in Latin America, it was clear that the region could not compete with the United States. Although mass migration started in the last decades of the nineteenth century, it was only truly massive in the early years of the twentieth century prior to World War I. The phenomenon of massive arrivals was short-lived for Latin American countries because the international labor market changed dramatically after World War I.

European immigration to Latin America from the 1880s onward presents a pattern similar to those of other destination countries. The same economic and demographic forces were at work in sending and receiving regions in the Latin American segment of the international labor market. Immigrants to Latin America were also from latecomer countries of emigration in Europe. Migrants were, to some extent, different from those who crossed the Atlantic in the first waves. However, the difference was not so much that Latin America received poorer and more backward immigrants than the United States but that poorer and less literate migrants formed a higher proportion of all immigrants in the 1880–1914 period because of the southern shift in countries of origin. Segmentation of the international labor market existed long before the mass migration era. Culture, language, and diffusion of information through early migrants' networks were powerful forces directing southern Europeans toward Latin America.

Migration policy also played a role in attracting immigrants to the region. Argentina followed an open-door immigration policy. Given the high wages and existing demand for labor, not much more was needed to pull immigrants. Labor market conditions, political stability, and personal freedom were the most powerful forces attracting immigrants. The most outstanding immigration policy in Latin America was that of Brazil. The state of São Paulo followed an active policy of subsidizing immigration from Europe

on a larger scale and for a longer time than any other country. In order to understand the different migratory policies adopted by Latin American governments, research should now go beyond the well-established facts to take a new look at the received wisdom, such as the hypothesis that those who gained most by immigration were the big landowners. The alleged losers – traditionally neglected – should also be examined, particularly the impact of immigration on the native labor force and unskilled labor, the functioning of internal labor markets, and inequality trends in the long run. The adjustment of immigrants to the host labor markets seems to have been quite successful, particularly in the urban sector. However, future analysis should distinguish between first- and second-generation immigrants.

Some qualifications can be made to the general characterization of immigrants to Latin America as generally unskilled and illiterate. Lack of skills could have been an advantage in the adaptation process to new labor market, which, for the majority, was the urban labor market. Rates of literacy were lower among Latin American immigrants immigrating to the United States, Canada, and Australia, but migrants were positively selected from their countries of origin, particularly in the Iberian Peninsula, according to literacy. Immigrants had also higher literacy rates than the native population in Latin America. Those countries that had the smallest native population around 1870 and the largest inflow of European immigrants showed the highest literacy rates around 1910.

Immigrants not only brought human capital with them, they also contributed to the creation of social capital in the receiving countries. The concept of social capital, based on trust, cooperation, and shared civic values for a given society, can be very usefully applied to the role immigrants played in associational activities in Latin America. Social capital can be related to political outcomes, such as public commitment to education and social cohesion. Immigrants probably contributed in some countries to economic development in the long run by creating social capital.

Immigration had an impact on labor force and population growth. Migrants contributed as well to raise the dependent age groups in the population, particularly children, in the medium and long run. Because the debate regarding the influence of demography on economic growth has shifted the emphasis from population size and growth to the economic consequences of the age structure of the population, the impact of large numbers of young immigrants to Latin American countries, other than Argentina, is a particularly promising topic for future research.