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Historical Emigration and its Long-Run Impact on Human Capital at Origin

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on "*How Economic History Contributes to Our Understanding of International Migration*"

Over the past decades, the number of international migrants has increased remarkably, rising from 85 million in the 1970s to more than 280 million today. Similarly, migrants have been concentrating more and more in OECD countries (United Nations Migration Report, 2020). These trends have brought growing attention among policymakers and society, who seek to understand who migrates and why, and how this affects both sending and receiving countries. In recent years, scholars have been increasingly looking into history to enrich our understanding of migration phenomena. Examining migration issues through the lenses of history offers several advantages and has the potential to challenge current views and reshape migration policies.

This policy brief provides a few examples of how economic history contributes to migration research and summarizes a recent work on the long-run effects of emigration at origin. In particular, it sheds light on the long-standing debate on whether emigration from poor to rich countries leads to a brain drain or a brain gain. The study focuses on the Galician emigration to Latin America (1900-1930), one of the greatest emigration episodes of the 20th century. Leveraging novel historical data spanning over one hundred years, it shows that despite a drop in human capital due to the departure of the "brightest", emigration can eventually lead to large gains in human capital in the long run thanks to migrants' investments at origin and changes in social norms. These findings illustrate how adopting a historical analysis and a long-term perspective can make us rethink what we know about the consequences of emigration.

Exploring Migration Issues through the Lenses of History

There are at least three reasons why relying on history is extremely useful in the study of migration. First, history offers a wealth of data, sometimes with a quality and richness difficult to find in contemporary sources. For instance, the historical population censuses of many countries allow following migrants across space and over time, using their surnames and other characteristics to track them (Abramitzky et al., 2020). This type of data makes it possible to analyze issues of major relevance

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today, such as family trajectories of migrants, the integration of second generation, selection patterns into emigration and return, etc. In a seminal work, Abramiztky, Boustan, and Eriksson (2012) link individual level data from the censuses of Norway and the United States to assess the occupational trajectories of migrants and their offspring and compare them with the outcomes of those who stayed at origin. Since then, the use of this type of data has grown exponentially.

History brings to the table new data, quasi-natural experiments, and a long-term view

A second reason why history is so valuable is that it provides us with a variety of "historical accidents" that can be exploited to establish causal relationships. In fact, the methodological innovations that most economic historians use nowadays were recognized with the 2021 Nobel Prize in Economics.[1] While scientists conduct experiments to determine cause and effect (e.g., randomize individuals to a treatment and placebo group and compare their outcomes), such approach tends to be impossible or unethical in social sciences. Yet, some historical episodes resemble a laboratory experiment to the extent that certain individuals are randomly exposed or affected by the aspect the researcher seeks to understand.[2] For instance, the displacement and resettlement of populations due to natural disasters, conflict, or governments' policies can help us explore issues such as the role of diversity on productivity (Bazzi et al., 2016) or the persistence of gender norms (Grossjean and Khattar, 2018) in a causal manner. Similarly, analyzing policy changes that occurred in the past can provide important insights that help us design better policies. As an illustration, Moser and San (2020) assess how the introduction

Figure 1

Note: A 1921 cartoon portraying the new immigration quotas admits widespread anti-immigrant sentiments in America. Library of Congress..

[1] *The 2021 Nobel Prize in Economics awarded Professors Card, Angrist, and Imbens for their "methodological contributions to the analysis of causal relationships." The use of natural experiments started in labor economics in the 1990s and has since spread to other fields, revolutionizing empirical research and leading to the "credibility revolution" in economics.* https://www.nobelprize.org/prizes/economic-sciences/2021/press-release/

[2] *See for example Chapter 7 (by Felipe Valencia Caicedo) and Chapter 8 (by Davide Cantoni and Noam Yuchtman) in the 2021 Handbook of Historical Economics edited by Alberto Bisin and Giovani Federico.*

of migration quotas can affect innovation. Using detailed biographical information of one hundred thousand American scientists, they found that the restrictions implemented in the 1920s decreased invention during the subsequent decades by more than 50%. Importantly, this decline originated not only from the loss of new scientists from abroad but also due to lower invention among natives.

Thirdly, adopting a historical approach is crucial since the effects of migration may evolve in complex ways over time. For instance, to fully understand the economic effects of migration in hosting countries it is not enough to examine the short run, as a few decades later second-generation migrants may also contribute to the economy making it better off. In a related work, Sequeira, Nunn, and Qian (2020) show that the massive arrival of Europeans to the US between 1850 and 1920 resulted into long-run economic benefits. Today, the communities that historically received more immigrants have on average higher income and schooling levels. Interestingly, in the 1920s American politicians and large parts of society shared the same fears and concerns about immigration as we see these days. The discourse that migrants would steal natives' jobs and threaten their culture was ubiquitous, and ultimately led to changes in local policies and severe restrictions in immigration (Tabellini, 2020). Only by analyzing the effects in the long run one can assert that those claims were wrong and that, on the contrary, immigration actually spurred economic prosperity in America.

In sum, history allows researchers to reassess existing questions with new data and methods as well as to explore original questions, impossible to address until now. In a recent paper, I take advantage of all the benefits that a historical approach brings to the table to analyze one of the most fundamental questions in migration research: How does emigration affect the communities of origin? In particular, does it deplete the stock of human capital (i.e., "brain drain") or does it foster human capital accumulation (i.e., "brain gain")? Ultimately, would our understanding on this matter change if we looked at the long run?

Emigration and Human Capital in the Long Run: Lessons from the Galician Diaspora

Between 1850 and 1930, over 40 million Europeans migrated to the Americas during the so-called Age of Mass Migration. Despite the major importance of this event, the difficult access to historical data had severely limited our capacity to analyze its consequences for the communities of origin. Using novel data from Spain, I examined the impact of emigration on the accumulation of human capital over more than one hundred years. The study focuses on the Galician diaspora, one of the largest emigration episodes of the 20th century in Europe with over 1.1 million people migrating to Latin America in 1900-30.

I collected and transcribed data from numerous historical sources (e.g., population censuses, embarkation lists, books about migrants' associations, etc.). Combining these with contemporary administrative and survey data, I constructed a unique database of all Galician municipalities from 1860 until today. To establish a causal link between emigration and changes in human capital, I adopt an instrumental variables methodology that exploits two particular features of the context. First, I use a measure of the pioneering emigration that took place during 1840-60 to predict the intensity of future migration flows

(during 1900-30). Since these pioneers left Galicia because of extreme rainfall conditions at the time, this measure provides exogenous variation in the intensity of emigration. To infer the timing of emigration from each municipality, I use a "pull factor" based on the economic conditions in Latin American countries and I connect origins to destinations using information of over 17 thousand migrants.

The main results show that emigration depressed literacy rates in the short run. Migrants' literacy rates were significantly higher than the average of the population (i.e., 80% vs. 50% in the 1920s). As a result, their departure mechanically decreased the average levels of education in those municipalities. The pattern of positive selection and brain drain described in previous studies was also present in this context. However, when analyzing the potential long-lasting effects decades later the findings were striking. In just one decade, the communities more affected by emigration had not only caught up but saw an increase in literacy rates much faster than the rest. Looking at other educational outcomes throughout the rest of the 20th century (1930s-2010s) brought additional evidence that emigration caused a long-term brain gain. Today, municipalities that experienced more historical emigration have a considerably higher share of individuals with completed secondary and college education.

Galician migrants realized that education was extremely valuable through their experience in migrating to Latin America, as literacy and numeracy skills allowed them to access better jobs. Such payoff encouraged individuals to invest in their education before departing and even at destination. In fact, the Galician social centers in La Habana and Buenos Aires offered classes to dozens of thousands of adults. Importantly, close to 60% of migrants eventually came back, which contributed to compensate for the initial loss of human capital and served also as role models in their communities.

Figure 2:

Note: Inauguration of the school Enrique Labarta Pose in Pasarela, 1931. This school was financed by the migrants' association Partido Judicial de Corcubión, funded in Buenos Aires in 1922. See: http://mapas.consellodacultura.gal/escolas/

There are plenty of historical accounts of how migrants fostered investments in education through *collective* and *social remittances*. Between 1900 and 1940, migrants funded local associations with the aim of promoting education in their hometowns. These associations channeled *collective remittances* to finance the construction of schools in Galicia. Leveraging information from several sources, I tracked the location and year of opening of hundreds of these schools and found that they significantly increased children's educational attainment.

Beyond monetary investments, migrants also sent *social remittances* related to education. In their letters and upon return, migrants encouraged relatives and neighbors to send kids to school and urged public authorities to invest in education. To explore whether these social remittances were effective, I exploit several contemporary sources ranging from survey data on self-reported beliefs to administrative data on libraries and associations. I find that in areas more exposed to historical emigration individuals tend to see education as more important for success in life, they are more likely to use public libraries, and there are more local associations with a cultural focus. Altogether, this evidence suggests that migrants had a long-lasting effect in their home communities shaping beliefs about the value of education.

Returnees, collective remittances, and social remittances can lead to a brain gain in the long run

Conclusion

There are several lessons to draw from this study that are particularly relevant for developing countries today. First, despite having a negative short-run effect, emigration may lead to gains in human capital that persist in the long run, highlighting the importance of considering long-term horizons. Second, these gains in human capital may materialize partly thanks to migrants investing in their home communities and by the diffusion of new beliefs. These findings suggest avenues to limit the brain drain or even turn it into a virtuous cycle. Policymakers should try to preserve the links between migrants and their home communities, facilitate the creation of migrant local associations that could invest in public goods, and foster the diffusion of information and values conducive to investments in education. Introducing innovative public policies on these spheres could have a large impact on human capital accumulation and economic development for generations to come.

Based on

Fernández-Sánchez, Martín (2021). Mass Emigration and Human Capital over a Century: Evidence from the Galician Diaspora. Working paper available at: https://sites.google.com/view/martinfernandezsanchez/research

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