Research Working Papers

The Effect of Immigration on Local Labor Markets: Lessons from the 1920s Border Closure

by: Ran Abramitzky, Philipp Ager, Leah Boustan, Elior Cohen and Casper W. Hansen

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The 1920s U.S. border closure substantially reduced immigration, with uneven effects on regional economies.

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In the 1920s, the United States substantially reduced immigration by imposing country-specific entry quotas. We compare local labor markets differentially exposed to the quotas due to variation in the national origin mix of their immigrant populations. U.S.-born workers in areas losing immigrants did not gain in income score relative to workers in less exposed areas. Instead, in urban areas, European immigrants were replaced with internal migrants and immigrants from Mexico and Canada. By contrast, farmers shifted toward capital-intensive agriculture, and the immigrant-intensive mining industry contracted. These differences highlight the uneven effects of the quota system at the local level.

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Related Research

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Author



Elior Cohen

Senior Economist

Elior Cohen is a senior economist at the Economic Research Department of the Federal Reserve Bank of Kansas City. His research interests lie at the intersection of labor and public economics. His research applies empirical methods to study various topics, including homelessness, housing, immigration and innovation. Elior joined the Bank in 2021 after completing his Ph.D. in Economics at UCLA.