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Drew Keeling

## Return Migration from the United States to Europe during the Recession of 1907-1908

The financial “Panic of 1907”, and the business setback that followed, occurred during a peak period for European migration to the United States. It is estimated here that about a quarter of European immigrant workers who lost U.S. jobs in that 1907-1908 recession returned to Europe, where the cost of living was lower. Probably the fraction returning was higher for more recently-arrived migrants who were more prone to go back anyway, and more likely to have become unemployed in that cyclical downturn. For these calculations, a new time series based on passenger shipping data was developed and used in place of the often inconsistent and incomplete official U.S. government migration statistics that have been typically relied upon to quantify migration flows in this historical period. This evidence of cyclical return migration on a large scale underscores the importance of the U.S. job market generally, and the related management of unemployment risks through family networks, in shaping the repetitive movement patterns of the massive and long-lasting two-way relocation of people across the North Atlantic prior to the First World War.

### Recession and transatlantic migration, 1907-1908

The U.S. financial crisis of late 1907 came towards the end of the biggest year ever for overseas migration to and from the country, relative to the domestic population.<sup>1</sup> This chapter examines how the immediately following economic downturn impacted the movement of migrant workers across the North Atlantic.

<sup>1</sup> Relative to population, inward migration to the United States was slightly higher in (fiscal) 1850-1854 and 1882, but including the comparatively high outward passenger flows of 1907 (see Figure 1), overall migration (inward and outward together) was at its all time peak that year (calendar and fiscal 1907). Drew Keeling, Transport Capacity Management and Transatlantic Migration, 1900-1914, in: *Research in Economic History* 25 (2008), p.267-68.

The cyclical behavior of modern economies has had various historical explanations. Exogenous and endogenous factors are often thought to work in combination, and leading roles have been ascribed to technological change, money supply trends, and consumer demand fluctuations.<sup>2</sup> Perhaps due in part to its mostly financial origins, the 1907-1908 economic slump has generated less historical debate than other historical economic downturns of the last century and a half. More than a decade had elapsed since the last major cyclical trough of the mid-1890s, and the short yet sharp setback starting in October 1907 did not come as a great surprise.<sup>3</sup>

The “panic” of 1907 was however similar to other pre-World War I financial disturbances in being at least potentially avertable by the liquidity-providing and lender-of-last-resort functions of an effective modern central bank. The best-known result of the panic is indeed the decisive impetus lent thereafter to long-standing efforts at establishing such a central bank for the United States.<sup>4</sup> This study, however, concentrates instead on less researched effects of the crisis and slump upon the U.S. labor market. The reduced availability of American jobs directly diminished the appeal of the United States for foreign workers. Many returned to Europe during the 1907-1908 recession.

The repercussions of unemployment during economic recessions have been, of course, the object of considerable historical interest. International immigration is an important related issue, particularly to the extent that foreign workers competed (or were *perceived* to have competed) with native-born workers for jobs. A key impediment to historical understanding, however, has been the insufficiency of comprehensive

2 See Solomos Solomou, Economic Cycles: Long Cycles and Business Cycles since 1870, Manchester 1998, p. 8-30, Cross-frontier chaos, in: Economist, June 15, 2002, p. 50-51. With some exceptions – e.g. see Brinley Thomas, Migration and Economic Growth: A Study of Great Britain and the Atlantic Economy, Cambridge 1956, p. 102-03 – the cycles were generally coincident across countries of the Atlantic region. Wesley C. Mitchell, The International Pattern in Business Cycles, in: Revue de l’Institut international de statistique 28 (1935), p. 397-403.

3 Elmer Wicker, Banking Panics of the Gilded Age, Cambridge 2000, p. 83; Ron Chernow, The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance, New York 1990, p. 121. Under unsustainably rapid economic expansion, several financial and commodity sectors had become overheated already by the summer of 1907. Elmer Clark Bratt, Business Cycles and Forecasting, Homewood, IL 1961, p. 254-55. Inconsistent U.S. monetary policies may have further contributed to financial vulnerability, along with Bank of England responses to pressures on British insurers following the 1906 San Francisco earthquake, see Paul Studenski, Herman Krooss, Financial History of the United States, New York 1952, p. 250-54; Harold van B. Cleveland, Thomas F. Huertas, Citibank, 1812-1970, London 1985, p. 51-52, and Larry Neal, Marc D. Weidenmier, Crises in the Global Economy from Tulips to Today: Contagion and Consequences, in: Micheal Bordo, Alan M. Taylor, Jeffrey G. Williamson (eds.) Globalization in Historical Perspective, Chicago, 2003, p. 497-98.

4 Robert F. Bruner, Sean D. Carr, The Panic of 1907: Lessons Learned from the Market’s Perfect Storm, Hoboken 2007, p. 1-5, 37-49; Harry Jerome, Migration and Business Cycles, St. Albans, VT 1926, p. 169-77.

and consistent statistical data on unemployment and migration. A new quantitative approach is accordingly developed here.

In a 1998 examination of what they called the “guestworker hypothesis”, Timothy Hatton and Jeffrey Williamson concluded that the international “elastic labor supply” of unrestricted transatlantic migration before 1914 “cushioned the effects of cyclical booms and busts upon the domestic labor market” of the United States, but to only a “surprisingly small” degree. This cumulative finding for the 1890-1914 period as a whole probably also applies to the 1907-1908 recession and 1908-1909 recovery in particular.<sup>5</sup>

Here, however, the focus is on the opposite direction of causation. The main question addressed is: how large was the flow of immigrant workers back to Europe as a result of the economic recession of 1907-1908? The basic approach taken is to estimate the ratio of increased repatriation to the number of Europe-born workers who lost U.S. jobs during the recession.

The calculations below indicate that a substantial fraction of migrants working in the United States made swift decisions to return to Europe as a result of the panic and recession. This response exhibits transatlantic migration as a largely flexible, opportunistic, short term and two-way movement, in contrast to still-prevalent popular impressions of a long-term, one-way flow “pushed” by poverty and oppression and “pulled” by “American dreams”.

## Limitations of migration statistics

To gauge the impact of unemployment upon return migration to Europe, correlating statistics are helpful. Employment was related to other indices of economic activity. Even more closely, migration movements between Europe and the United States can be tracked by overall passenger movement patterns (since over 95 per cent of second and steerage class passengers were migrants).<sup>6</sup> Using passenger movement data to estimate migration flows is an effective means of overcoming several long-standing but largely still unresolved shortcomings of official government migration statistics.

Migration historians have recognized these shortcomings without doing much about them. In a 1980 study, Günter Moltmann observed that “historical research on return

5 Timothy Hatton, Jeffrey Williamson, *Age of Mass Migration*, New York 1998, p. 155, 160. The underlying time series for immigration they used (p. 175) is annual, so it cannot pinpoint exact months within the 1907-1909 cycle.

6 Drew Keeling, Repeat Migration between Europe and the United States, 1870-1914, in: Laura Cruz, Joel Mokyr, *The Birth of Modern Europe: Culture and Economy, 1400-1800, Essays in Honor of Jan de Vries*, Leiden 2010, p. 184.

migration faces many obstacles because of a lack of systematic source material". Walter Kamphoefner concurred in 1991, as in 1992 did Walter Nugent, saying that "attempts to count return and repeat migrants confront a statistical morass". In his 1993 book on return migration, Mark Wyman concluded that "historians must either speak in broad generalities when discussing return migration or admit the uncertainties of their statistics".<sup>7</sup>

Political and administrative factors have contributed to these obstacles and uncertainties. In its 2002 "Statistical Chaos" article, *Economist* pointed out, for example, that relatively "little is known about departures [...] governments worry about foreigners who are in their country, not those who aren't".<sup>8</sup> At the early twentieth century U.S. Bureau of Immigration (BI), still more fundamental conceptual problems hindered the development of reliable and consistent data.

In 1899 the BI recommended initiating a new "record of the departure of aliens, thereby rendering it possible to form an estimate of the net annual increase of our population from [migration]".<sup>9</sup> Such calls were repeated almost verbatim in every subsequent BI annual report until 1907, when a new U.S. Immigration Act authorized collection of data on departing foreigners. A new classification scheme encompassing such data was adopted the following year: "Arriving aliens whose permanent domicile has been outside the United States who intend to reside permanently in the United States are classified as immigrant aliens; departing aliens whose permanent residence has been in the United States who intend to reside permanently abroad are classified as emigrant aliens; all alien residents of the United States making a temporary trip abroad and all aliens residing abroad making a temporary trip to the United States are classed as nonimmigrant aliens on the inward journey and non-emigrant on the outward."<sup>10</sup>

"Permanent" residence was consistently defined as that lasting more than one year. Measuring such residency was trickier, however, and complicated by a BI policy whereby "the last country in which the alien resided with the *intention* of remaining as long as one year shall be the country of 'last permanent residence' regardless of the length of *actual* residence therein ... "<sup>11</sup>

7 Günter Moltmann, American-German Return Migration in the Nineteenth and Early Twentieth Centuries, in: Central European History 13 (1980), p. 380; Walter D. Kamphoefner, The Volume and Composition of German-America Return Migration, in: Rudolph Vecoli, Suzanne Sinke (eds.), *A Century of European Migrations, 1830-1930*, Urbana 1991, p. 293-311, p. 305; Walter Nugent, *Crossings: The Great Transatlantic Migrations, 1870-1914*, Bloomington 1992, p. 156; Mark Wyman, *Round-Trip to America: The Immigrants Return to Europe, 1880-1930*, Ithaca 1993, p. 9.

8 *Economist*, June 15, 2002, p. 51.

9 Bureau of Immigration (BI) Annual Report, 1899, p. 33.

10 BI Annual Report, 1908 (microfilm serial set), p. 102.

11 BI Bureau Circular No. 24, August 1, 1908, National Archives, Record Group 85, Entry 9, 53240 (emphasis added). As late as 1913 these instructions were still printed on U.S. passenger lists used, and from which BI data originated.

Whatever the possible political motives behind these new classifications,<sup>12</sup> and apart from the practical difficulties of implementing them,<sup>13</sup> their underlying logic was faulty. Migrants' stated intentions could vary from their actual intentions, their actual intentions were often vague, and even if clear, often revised later. Even intentions carried out exactly were often reversed later in terms of their final impact on the "net increase to the U.S. population" (for example, a "permanent" – longer than one year – move back to Europe, was not infrequently followed by another move to America some years later).

A more reliable picture of outward migration can be obtained by disregarding the permanent versus temporary intention distinctions of these classifications and adding together "emigrants" and "non-emigrants". There are still limitations, however, the most serious being that both of these BI monthly departure series begin only in July, 1907. It is thus impossible to obtain from these data any real measure of how much eastward migration back to Europe *increased* during the 1907-1908 recession (which spanned the nine months of November 1907 through July 1908) *versus* earlier nine-month periods.<sup>14</sup>

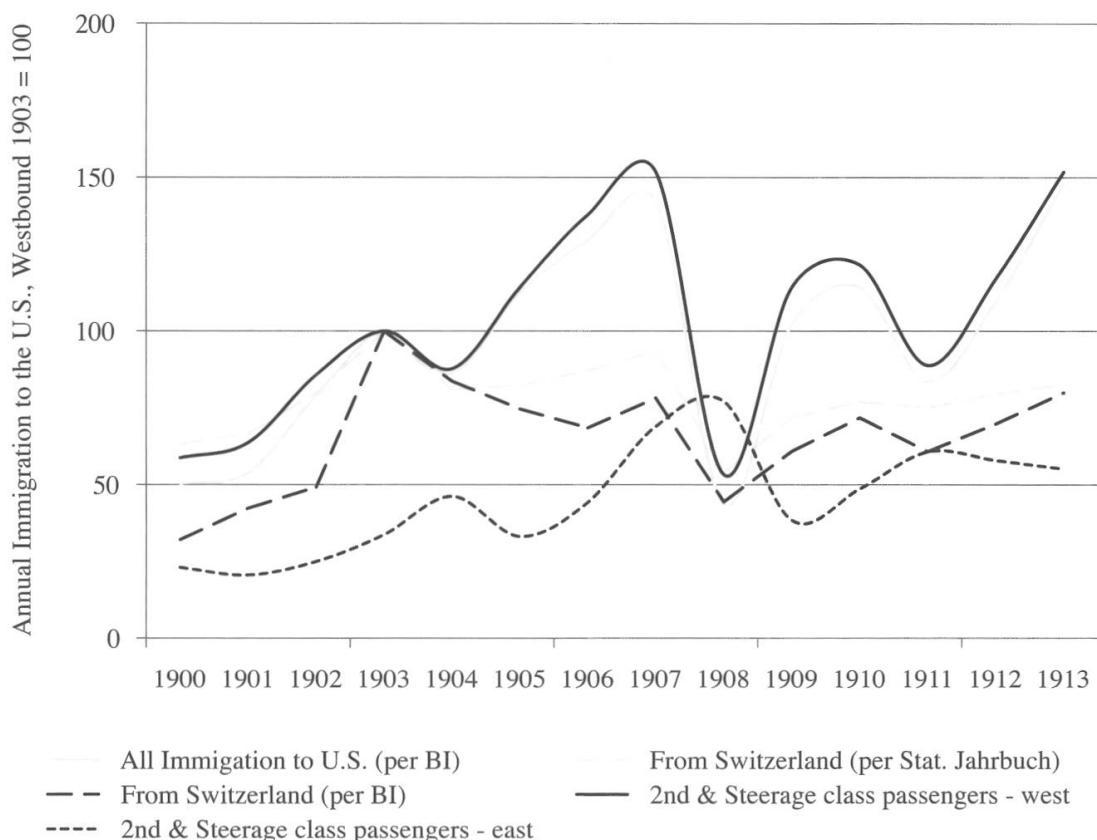
Case studies of individual immigrant communities have usefully traced return migration patterns, but not focused on the return flow response to one particular U.S. recession. A whole origin region or ethnicity might be more representative of the entire transatlantic movement, although U.S. population and employment data are unavailable on such a basis.

Measurements of migration from Switzerland to the United States, shown from both U.S. and Swiss sources in Figure 1, provide some useful corroboration, however. The cyclical pattern of both data sets is representative of U.S. immigration generally; the *Statistisches Jahrbuch* numbers are slightly higher because the BI data excluded cabin class migrants before 1903 and most repeat migrants after 1905.

12 Neil Larry Shumsky, "Let no Man Stop to Plunder!" American Hostility to Return Migration, 1890-1924, in: *Journal of American Ethnic History* 11 (2) (1992), p.56-76. This 1908 classification involved two levels of "netting out". Firstly, repeat migrants ("aliens residents of the U.S." going abroad [and back] temporarily) were not counted either as "immigrants" or "emigrants". Secondly, "net immigration" could be derived as "immigrants" minus "emigrants". Consequently, "immigrants" was a smaller measure than before, and net immigration was lower still. Opponents of proposals for significant legal restriction of immigration, including the then federal cabinet secretary in charge of the Bureau of Immigration (who also played a key role in securing passage of the relatively liberal 1907 immigration law) could thereafter more easily support their position by pointing to lower annual immigration figures, and to even lower numbers for net immigration.

13 It was a greater statistical challenge to record migrants departing America because they were not inspected by government authorities the way arrivers were. Nearly all 42 sections of the 1907 Immigration Act concerned incoming foreigners. A mere half of one section (§ 12) concerned outgoing foreigners. Reports of the Immigration Commission chaired by Senator William P. Dillingham, Washington 1911, vol.39, p.100-21.

14 See Jerome (see note 4), p.113-16. BI Departure data and recession months are also based on Jerome (see note 4), p.248; see also the Appendix.

Fig. 1: *Calendar Year Pattern of Migration to and from the U.S.*

Sources: BI annual reports, *Statistische Jahrbuch der Schweiz*, “Trans-Atlantic Passenger Conferences Reports,” New York, 1900-1914 [“PCR”].

Such definitional discrepancies typify what Ritzmann and Siegenthaler have called the “Homo-Migrants” problem (how to define which travellers are migrants). The key limitation of the Swiss *Jahrbuch* data is the nearly complete lack of eastward flows from America. BI tabulations of departures from the United States are available, but only from late 1907 on, and monthly breakdowns by European country were recorded for “emigrants”, not “non-emigrants”, and thus offer only an unreliable subset of outward flows. Switzerland, the United States and other countries were slow to adapt data-gathering practices to the growing two-way nature of transatlantic migration over the late nineteenth and early twentieth centuries.<sup>15</sup>

15 Hansjörg Siegenthaler, Heiner Ritzmann-Blickenstorfer (eds.), *Historische Statistik der Schweiz*, Zurich 1996, p. 353-54. See also Keeling (see note 6), particularly p. 160-63, 165-69, 184-85. Pre-1900 U.S. government departure data, shown for instance in Simon Kuznets, Ernest Rubin, *Immigration and the Foreign Born*, in: NBER Occasional Paper 46 (1954), p. 95-96, do not distinguish Europe from other regions, and are on an annual, not monthly basis, which blurs the effects of recessions.

The shipping line passenger flow data series, also included in Figure 1, is thus the most accurate way available of gauging the return migration response to the 1908 recession. These “PCR” data form a highly reliable and consistent time series, available monthly for the entire period 1900-1914, and broken down by first, second, and steerage class in both the westbound and eastbound directions.<sup>16</sup>

## The crucial constraint of U.S. jobs

Using available data for steerage (third class) arrivals at New York from Europe, Figure 2 traces the pattern of migration flows ten years further back: to 1890. About ninety percent of immigrants from Europe during this quarter century, 1890-1914, arrived in steerage, and eighty-five percent of them at New York. Steerage flows from Europe to that key entry port thus accounted for about three-quarters of all migrants from Europe to the United States.<sup>17</sup>

Although many of these migrants came from rural backgrounds in Europe, relatively few entered farming in North America, even as temporary workers. Figure 2 accordingly uses data measuring non-farm employment as an indicator of employer demand for immigrant workers. In this figure, the annual arriving migrant (steerage) flows closely track the annual employment series (the correlation between the two is about 80 per cent).<sup>18</sup>

Migration fluctuated more, year to year, than employment did because migrant workers were over-represented in cyclical industries, such as construction, and in marginal positions (“last hired, first fired”). Furthermore, many migrants took part-time, temporary, or “floating” jobs, or were self-employed (i.e. peddling) or in small family businesses highly dependent on general economic conditions. The migration

16 “PCR” is short for the “Trans-Atlantic Passenger Conferences Reports”, New York, 1900-1914. For more on the information and limitations of BI migration data and PCR shipping passenger data, see Edward Hutchinson, Notes on Immigration Statistics of the United States, in: *Journal of the American Statistical Association* 153 (1958), p. 963-1025, Keeling (see note 6), p. 161-69.

17 Breakdowns of migrants between travel classes based on analysis used for Keeling (see note 6), p. 184, between ports on tables in U.S. *Statistical Abstracts*, 1893-1914 (tables of passengers arriving at principal ports or customs districts).

18 Relatively low involvement of migrants in agriculture, per Dillingham (see note 13), vol. 1, p. 139-42. As described in the following paragraph, migrant employment was considerably more cyclical than employment generally. Jerome (see note 4, p. 122) even advocated comparing the volume of migration against the “*change in the number employed*” (emphasis in original), which would amount to assuming that migrant employment was essentially purely cyclical. A more moderate, and more realistic, view would estimate migrant employment over time as 50 per cent a microcosm of the overall average non-farm employment and 50 per cent proportional to the *change* in that employment. This measure would be still be more cyclical than the general employment series, and, with it, the correlation to New York inbound steerage (Figure 2) would be about 90 per cent instead of 80 per cent.

Fig. 2: *Non-farm employment and westbound steerage class passengers from Europe to New York, 1890-1913 (indexed at 1890=1)*



Sources: Non-Farm Employment from David Weir, *A Century of U.S. Unemployment, 1890-1990: Revised Estimates and Evidence for Stabilization*, in: *Research in History* 14 (1992), p.341; Steerage to New York from Drew Keeling, *Transatlantic Shipping Cartels and Migration between Europe and America, 1880-1914*, in: *Essays in Economic and Business History* 17 (1999), p.207, except 1892: *Abstract of Sanitary Reports VIII* (18), May 5, 1893, p.277, U.S. Marine Service, 1893-1894: Henry Fry, *The History of North Atlantic Steam Navigation*, London 1896, Appendix 3, and 1903-1913: minor corrections to numbers.

flows also reflect the multiplying effect of non-working dependants who, though to a lesser extent, also immigrated (and repatriated back to Europe) in response to cyclical conditions in America. Finally, as discussed further in the following section below, most of these various cyclical vulnerabilities were more pronounced for the most recent of the immigrants.<sup>19</sup>

Mass migration to the United States before 1914 was well-recognized already by contemporaries as a powerful and integral, if not essential, component of the remarkable industrially-based growth that was making the country the world's leading economic power. In its wide-ranging 1911 survey, the U.S. Congress's "Immigration Commission" found that migration from Europe was "almost entirely attributable to economic

19 Philip Taylor, *The Distant Magnet: European Migration to the U.S.A.*, New York 1971, p.192-201; John A. James, Mark Thomas, *A Golden Age? Unemployment and the American Labor Market, 1880-1910*, in: *Journal of Economic History* 63 (4) (2003), p.959, 981-82, Wyman (see note 7), p.81. Re dependants, see the Appendix below.

causes". With "few exceptions", the commissioners said, "the emigrant of today is essentially a seller of labor seeking a more favorable market", i.e. in the United States where the "reward of labor is much greater" than in Europe.<sup>20</sup> A leading critic of that 1911 Commission went still further in 1912, concluding that "demand for labor determines the character, as well as the volume of immigration".<sup>21</sup> A century later, economic historian Joshua Rosenbloom concurred, calling the "process of European settlement" in America "in essence a labor market phenomenon".<sup>22</sup>

Immigrant labor demand was also seen then, and has been since, as a key factor shaping the short term fluctuations (in migration volumes) that are particularly conspicuous during major recessions when the economy of the migrant-destination region goes into reverse.<sup>23</sup> Amidst the cyclical downturn of the mid-1890s, Joseph Senner wrote that "immigration has practically come to a standstill [...] in these times of forced depression [...] our foreign-born residents are [...] engaged in the hardest struggle for life [...] their letters to the old fatherland are [filled with] tales of woe [...] Not even the enactment of the sternest statute could be more restrictive of immigration than these natural regulators of the ebb and flow in the tide of aliens." Looking back at the pre-World War I period, Timothy Hatton and Jeffery Williamson concluded in 1998 that "much of the fluctuation in emigration, especially net emigration, can be explained by the short-run impact of business cycles and long swings on labor markets". "Unemployment rates", they wrote, "mattered more than wages".<sup>24</sup> The late nineteenth and early twentieth century United States, especially its urban and industrial northeast, possessed an extensive and dynamic economy, with open, flexible and mobile markets for the sorts of low-skilled and often temporary yet plentiful jobs well-suited to young, hard-working and frugal immigrant workers. The costs of reaching America, amounting to but a few weeks worth of U.S. wages by the late 1800s, were clearly readily affordable and financeable by a multiple of the large volumes which actually did relocate to pursue such opportunities. Limits on available jobs, and the uncertain risks of their disappearing during recessions, were more important operative constraints against which the risk-reducing functions of chain

20 Dillingham (see note 13), vol.4, p.53, Reports of the Industrial Commission on Immigration and Education, U.S. Congress, 1901, p. 104, 108. In testimony to the Industrial Commission, Gustav Schwab of German shipping line Norddeutscher Lloyd stated his view that immigration depended "absolutely and entirely" upon "the condition of the labor market, agriculture, and business generally" in the United States.

21 Isaac A. Hourwich, *Immigration and Labor: The Economic Aspects of European Immigration to the United States*, New York 1912, p.84-85, 102.

22 Joshua Rosenbloom, *The History of American Labor Market Institutions and Outcomes*, <http://eh.net/encyclopedia/article/Rosenbloom.LaborInst>.

23 Jerome (see note 4), p.33-37, 121.

24 Joseph H. Senner, *How We Restrict Immigration*, in: *North American Review* 158 (April, 1894), p.494-95, Hatton/Williamson (see note 5), p. 67, 74.

migration networks were undoubtedly helpful.<sup>25</sup> The sharpest and best-documented recession of the period, in 1907-1908, clearly exhibits these characteristics.

## Calculations and comparisons for 1907-1908

The effect of the 1907-1908 recession on return migration from the United States to Europe is estimated here as the fraction of Europe-born workers who moved back from America after becoming unemployed due to the recession. This ratio is derived in figures 3-5, with further details provided in the Appendix. The numerator of the ratio (passengers) is the subject of Figure 3, derivation of the denominator (unemployed) is depicted by Figure 4, and the ratio of the two is shown by Figure 5.

According to this estimate, a sizable minority (26 per cent) of European immigrant workers who lost jobs in the recession left the United States as a result (see Figure 5). For most of them, a lower cost of living in Europe for nine months (the length of the recession) more than offset a round-trip Atlantic fare (e.g. including coming again to America *after* the recession).<sup>26</sup>

Caveats apply to the estimates made in Figure 5, however. For example, higher unemployment was not the only way through which the recession spurred return migration. In March of 1908, thousands of Polish immigrants were reported to be leaving jobs in Massachusetts cotton mills and going back to Europe, due to reduced wages and working hours.<sup>27</sup> On the other hand, it is very probable that the fraction who lost jobs but did *not* return (e.g. 74 per cent per Figure 5) had, on average, already been in America longer than those (26 per cent) who did return. In other words, among *recent* immigrants, the portion of cyclically unemployed who returned was probably considerably higher than 26 per cent.

One might well argue, therefore, that the potential pool of migrants returning to Europe as a result of cyclical unemployment in the United States ought to be defined as something narrower than all unemployed Europe-born workers (as in Figure 5 and the Appendix, part [6]). Of foreign-born residents who had been in America already for over five years, relatively few were likely to return to Europe in any event.<sup>28</sup>

The net inflow of Europeans to the United States during the five fiscal years running

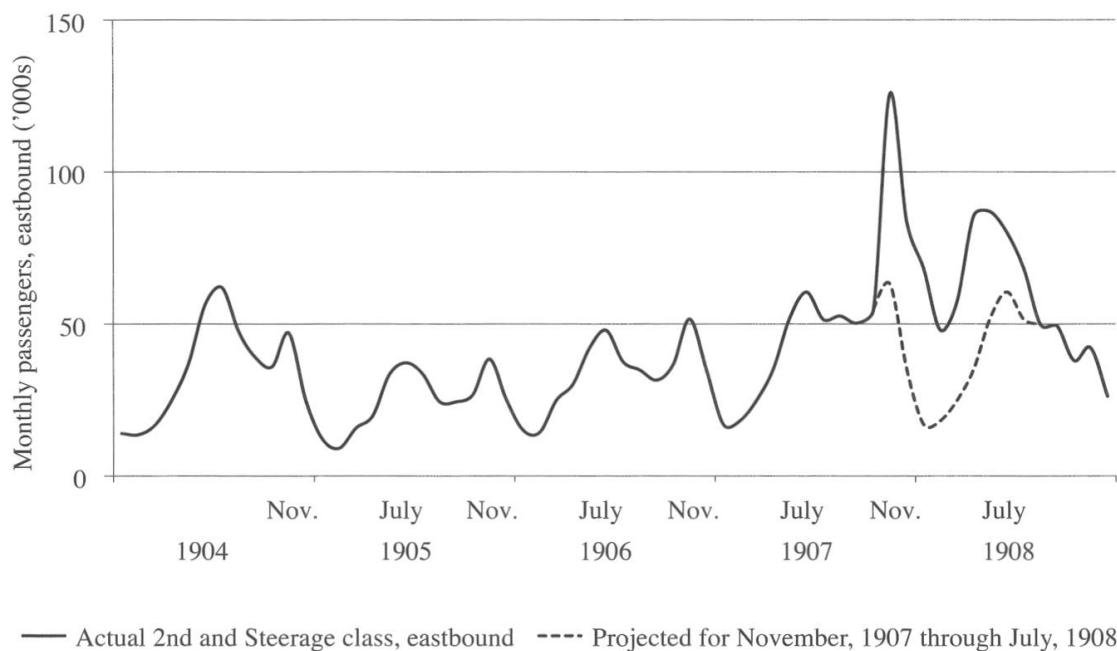
25 Gavin Wright, The Industrious Revolution in America, in: Cruz/Mokyr (see note 6), p. 216, 233-40, 246-47; Keeling (see note 1), p. 227-31.

26 Cost calculation based on Drew Keeling, Costs, Risks, and Migration Networks between Europe and the United States, 1900-1914, in: Torsten Feys, Lewis R. Fischer, Stéphane Hoste, Stephan Vanfraechem (eds.), *Maritime Transport and Migration: The Connections between Maritime and Migration Networks* (Research in Maritime History 33), St John's 2007, p. 168-70. See also Rush of Laborers Back to Europe, in: *New York Times*, November 15, 1907, p. 6.

27 *Polanders Going Home*, in: *New York Times*, March 21, 1908.

28 The BI's 1908 annual report shows (Table XIX, p. 161), for example, that 94 per cent of "emigrants"

Fig. 3: *Actual versus projected 2nd and Steerage class passengers, eastbound, U.S. to Europe, Nov. 1907 - July 1908 ('000s)*



Source: Actual from PCR, Projected = increase based on trend over prior three periods. See Appendix, [5].

from July, 1902 through June 1907 was 3.4 million migrants.<sup>29</sup> Roughly 80 per cent of them were active in the U.S. labor market, a rate which changed little during that five year period (a few deaths, a few children growing old enough to enter the work force during this five year period, etc.). Thus, with an allowance for frictional unemployment and underemployment of about 10 per cent, it can be reasonably assumed that of those 3.4 million, some 70 per cent or 2.4 million, were vulnerable to losing a job in the 1907-1908 downturn.<sup>30</sup>

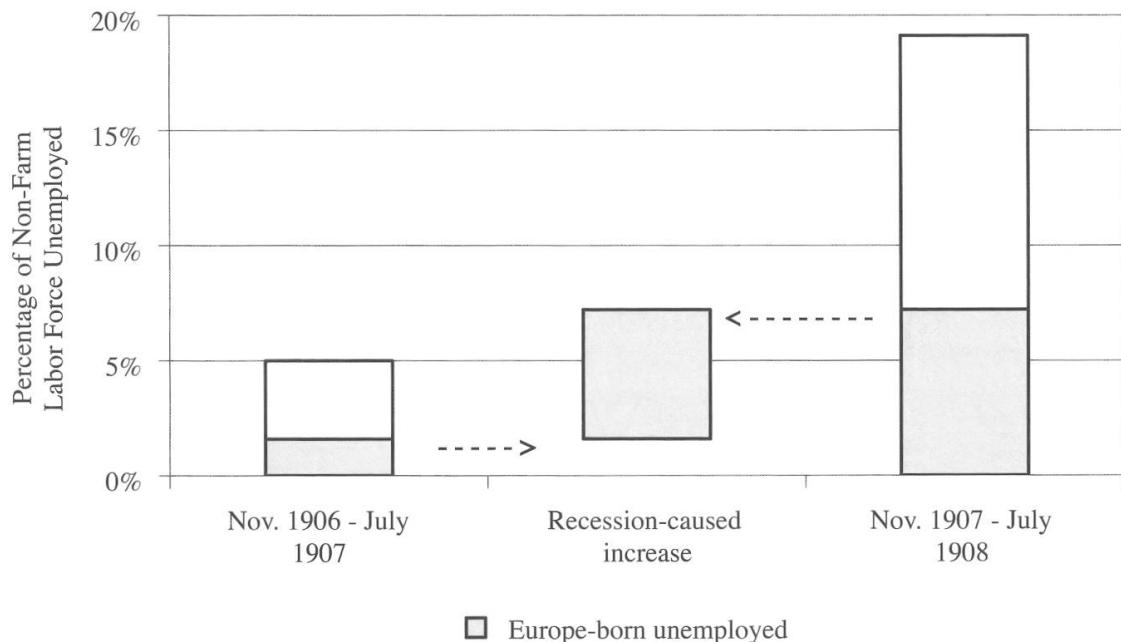
Likewise, it can then be further assumed that those 2.4 million immigrant workers in the United States lost jobs in the 1907-1908 recession at at least the same rate as did all Europe-born workers there. (Probably these recent arrivals suffered cutbacks, job layoffs, and cessation of hiring at a *greater* rate than immigrants who had been in

returning to Europe during the fiscal year ended June, 1908, had been in America for five years or less.

29 Keeling (see note 6), Table A-1, p.177-78: "Migrants-west" (column 3) of 5.0 million less "Migrants-east" (column 8) of 1.6 million.

30 Re frictional unemployment, see, for example, James/Thomas (see note 19), p.972-89, and Susan Carter, Richard Sutch, The Great Depression of the 1890s: New Suggestive Estimates of the Unemployment Rate, 1890-1905, in: Research in Economic History 14 (1992), p.352-61.

Fig.4: *Europe-born portion of unemployed during 1907-1908 recession and comparable year-earlier period*



Versus the comparable year-earlier period, unemployment rose from 5% to 19% in the 1907-1908 recession, or by 2,313 thousand workers (Appendix, [2]). The number of unemployed Europe-born workers (the dark portion of each box) rose by 921 thousand (Appendix, [4]). Of this 921 thousand recession-caused increase, depicted here in the middle column, Figure 5 then shows that 26% returned to Europe.

Sources: 1906-1907 and 1907-1908 derived from Appendix, parts [1]-[4], “recession-caused increase” in unemployed = 1907-1908 minus 1906-1907.

Fig.5: *Responses of Europe-born immigrant workers who became unemployed in the U.S. recession of 1907-1908 (estimated percentages)*



Sources: (a) “Returned to Europe” from Figure 3 (“Actual” less “Projected”). (b) All cyclically unemployed Europe-born immigrant workers (represented here by the entire area inside the circle) from Figure 4 (“Recession caused increase”). (c) = (a) - (b): “Remained in U.S.” = “All cyclically unemployed” less “Returned to Europe” ).

America longer and were better established there). Based on the calculations in the Appendix, immigrants overall lost U.S. jobs at a rate of 12.4 per cent.<sup>31</sup> That would mean 12.4 per cent times 2.4 million = 298 thousand of the “recent” immigrants lost jobs in 1907-1908.

If, therefore, to take an extreme (though not greatly unrealistic) case, it is assumed that increased returns to Europe (235 thousand per Appendix point [5]) were wholly made up of migrants who had come to the United States during the prior five years before losing jobs in 1907-1908 recession (298 thousand – previous paragraph), then that recession caused 79 per cent of those unemployed “recent migrants” to return to Europe ( $235 / 298 = 79$  per cent).<sup>32</sup> The more basic rate of 26 per cent, derived in point [6] of the Appendix and shown in Figure 5, thus probably *understates* the impact of the recession on eastbound migration, at least to some extent.

The powerful effect of the recession is also shown by simpler metrics. Even for calendar year 1908 as a whole (i.e. including its later, post-recession months), there was a net *outward* flow of second and steerage class passengers from America (see Figure 1). Jerome’s calculations also show this “negative immigration”. Net eastward flows were also a feature of several prior recessions. A further indication of the temporary nature of many 1908 departures is that 1909, by a wide margin, was the biggest year of the 1900-1914 period for *repeat* migration westward.<sup>33</sup>

## Conclusions

The analysis here indicates that a considerable number of immigrants from Europe reacted to the high unemployment and poor job prospects of late 1907 and early 1908 in the United States by moving back to Europe. Similar behavior has been noted for other recessions during the decades just prior to the First World War.

31 921 thousand unemployed (Appendix, point [4]) divided by total European-born workers of 7,421 thousand (Appendix, point [1]; see “Sources” to the Appendix) = 12.4 per cent.

32 Taking into account the likely greater vulnerability of recent arrivals (mentioned in the prior paragraph): if they, for example, lost jobs at twice the rate of all migrants, i.e. 25 per cent became unemployed instead of 12.4 per cent, then the rate of return to Europe calculated here would be ( $235 / 596 =$ ) 39 per cent instead.

33 For 1907-1908, see Jerome (see note 4), p. 105-16. For recessions of the 1870s-90s, see Kuznets/Rubin (see note 15), and Drew Keeling, *The Voyage Abstracts of the Cunard Line as a Source of Transatlantic Passenger Fares, 1883-1914*, in: *Business Archives Sources and History* 96 (2008), p. 15-36; Maldwyn Allen Jones, *American Immigration*, 2nd edition, Chicago 1992, p. 161; *New York Times*, July 4, 1894, p. 3, and July 12, 1894, p. 9. Moltmann’s figures (see note 7, p. 384-86) show cyclical but not net out-migration, however, his eastward passenger data includes first class tourists and business travellers, and even “pure” migrant flows from Germany may have been actually less cyclical those from elsewhere. Repeat migration flows are in Keeling (see note 6), p. 176-78.

A number of recent histories suggest that, in the early twentieth century, Europeans migrating to the United States more often than not eventually intended to return to Europe (although less than half actually ended up doing so). The recession of 1907-1908 was clearly an opportune time for making such a return. The defensive but rapid exodus to Europe then fits a pattern of migrant behavior dominated by risk considerations.<sup>34</sup> Early twentieth century immigrants to the United States relied upon the information and support of kinship networks, and upon an extensive transport infrastructure of steamships and railroads, both to smoothly and safely get to a relatively high-paying job in America, and as a means of adapting to the loss of such a job in a cyclical downturn.

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34 See particularly Wyman (see note 7), p.193, Keeling (see note 26), p.116-17, 137-47, 155-58.

Appendix: *The Estimated Effect of the 1907-1908 recession upon return migration to Europe (persons in thousands)*

Results		
[ 1 ]	[ 2 ]	[ 3 ]
Percentage of total non-farm work force in 1910 that was Europe-born, as estimate for 1908	Change in number of workers unemployed during 1907-1908 recession versus comparable year-earlier period	Rate at which Europe-born workers lost jobs in recessions compared to all workers
32%	2313	125%
$[4] = [1] \times [2] \times [3]$		
Europe-born workers who became unemployed as a result of 1907-1908 recession	Change in adult 2nd and steerage class eastbound passengers due to the 1907-1908 recession (Actual growth Nov. '07-Jul. '08 versus Nov. '06-Jul. '07, less projected growth)	
921	235	
$[6] = [5] / [4]$		
Final result:		
2nd and steerage class passengers who travelled east as a result of becoming unemployed due to the 1907-1908 recession in the U.S, as a percentage of Europe-born workers who became unemployed in that recession		
26%		

Sources (numbers in thousands, unless otherwise stated):

[1] The Europe-born percentage of the non-farm workforce is based on data from the U.S. Census, 1910, and from Weir (see Figure 2), p.341. The 32 per cent measure is the result of dividing (a) the number of "foreign-born whites" (Census), reduced 5 per cent for estimated *non-European* foreign-born, by (b) the non-farm work force (Weir, p.341). (As a simplification, this calculation assumes that none of the small minority of immigrants in agriculture after 1900 became unemploy-

yed in the 1907-1908 recession.) "Foreign-born whites gainfully employed" in 1910 were 7.812 million, Europe-born 7.421 thereof, and non-farm work force 23.3 (34.6 civilian less 11.3 farm). Hence,  $7.421 / 23.3 = 32$  per cent.

- [2] The change in the number of all workers unemployed is based first of all on (i) the annual calendar year increase in unemployment estimated by Weir, p.341, whose unemployment measures for 1907 and 1908 lie midway between estimates based on Christina Romer, Spurious Volatility in Historical Unemployment Data, in: *Journal of Political Economy* 94 (1) (1986), p.31, and Stanley Lebergott, *Annual Estimates of Unemployment in the United States, 1900-1954*, in: *The Measurement and Behavior of Unemployment* (NBER conference report, Princeton, 1957). This calendar year increase (1452 thousand) is then multiplied by (ii) the rate of industrial decline during the months of recession relative to the calendar year decline (1.593), yielding the increase in workers unemployed *due to the recession*, of 2313 (=  $1452 \times 1.593$ ).
  - (i) The averages of Weir's 1907 and 1908 employment data are: civilian 32.63 (million), less farm 11.37 yielding 21.26 non-farm, and unemployment rising 6.83 percentage points (to 11.76 per cent in 1908 from 4.93 per cent in 1907). Thus,  $21.26 \text{ mil.} \times 6.83 \text{ per cent} = 1452 \text{ thousand}$ .
  - (ii) The industrial decline measure is derived from Jeffrey A. Miron and Christina D. Romer, *A New Monthly Index of Industrial Production, 1884-1940*, in: *Journal of Economic History* 50 (June, 1990), p.336. The recession months are based on the monthly factory employment index of Jerome, p.248 (the endpoints being the 1907 peak and the 1908 trough plus a three month reaction lag): November, 1907 to July, 1908.
- [3] A rough estimate based on available indications of the percentage of most expendable jobs held by foreigner workers (e.g. migrants were disproportionately represented in cyclical businesses).
- [4] Calculated here
- [5] The extra (actual minus projected) change in eastbound second and steerage class passengers resulting from the recession is derived from PCR passenger movement statistics, adjusted to deduct (a) the secular increase in eastbound flows projected from last cyclical trough in 1904 and (b) dependants travelling with unemployed breadwinners (based on BI annual reports, 1907 and 1908, Table XVI). See also Figure 3.