

Immigration and the Evolution of Economic Theory

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INTRODUCTION

Despite the fact that international migrations have taken place since time immemorial and millions of migrants have crossed national borders at frequent intervals in mankind's history, the phenomenon of international migration has never attracted substantive scholarly attention or generated a sustained level of academic enquiry within the mainstream of economic theory. A comprehensive review of the evolution of economic theory suggests that economists have expressed only a mild and peripheral interest for the topic of immigration. Indeed, a historical appreciation of the evolution of economic theory reflects a disturbing void in academic output for the theoretical parameters of immigration. This is especially true of the vacuum in scholarly contributions by economists articulating the role of immigration within the general body of economic theory. There is no denying that the subject matter of economics has not produced a coherent and comprehensive theory of international migration. This is indeed perplexing since human resources are the principal initiators of economic progress and in turn the major beneficiaries of economic growth and development. In this context the size, composition and management of immigration movements would seem to be a central feature for the effective utilization of human resources and their strategic deployment.

By all accounts immigration appears to be a subject that has remained out of the mainstream of economic theory and has developed as an atrophic offshoot of the main discipline of economics. The economic role and impact of immigration has not received the proper recognition as a centrifugal element in the building blocks of economic theory. The characterization by Spengler regarding population theory as being 'relatively unstructured as to theory and relatively uncircumscribed as to scope'¹ within the main body of economic theory is equally attributable to the evolution of immigration theory vis à vis economic theory.

The historical evolution and theoretical maturity of economic knowledge has in large measure neglected defining the appropriate parameters and constructing the theoretical foundations for the systematic analysis and exposition of the causes and consequences of immigration. This absence of a theoretical framework has hampered the scholarly study

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of immigration from an economic perspective and has resulted in the uneven and fragmentary development of immigration theory. Indeed, the lack of an expansive and exhaustive attempt to integrate immigration within the mainstream of economic theory has resulted in a marked void in successful attempts to develop a conceptual framework capable of providing a rigorous assessment of the economic parameters and acting as a springboard for a coherent and enlightened approach towards public policy formulation. This absence of a comprehensive conceptual framework within which the economic attributes of immigration can be identified, evaluated and analyzed has detracted from the systematic formulation of a proactive immigration policy that encompasses the broader and longer term economic consequences of immigration. It is therefore not surprising that countries of immigration such as Canada have resorted to short term immigration policies that are in the reactive mold; i.e. essentially an approach that is best described as immediate crises management of demographic factors and labour market requirements and in the process never adequately encompass the medium and longer term role of immigration in any comprehensive manner. This has meant a void in the analytical rudiments that are essential prerequisites in the broader comprehension of the link between immigration and economic determinants and especially the role of immigration in economic growth and development.

The void in a systematic academic enquiry of immigration on a historical continuum is amply illustrated in the small number of economists who have addressed the economic parameters of demographic considerations and the economic impact of labour migrations. The end result of this historical mishap has led Tapinos to conclude that 'of all the factors contributing to a country's economic development and demographic growth, international migration would seem to be one of the most neglected.'²

In the ensuing pages we will review the limited and scant contributions made to immigration theory in the context of the evolution of economic thought over a protracted historical time span. It will become apparent that landmark contributions to immigration theory within the mainstream of economic theory are few and far between.

RAVENSTEIN: THE EARLY IMMIGRATION STUDIES

The historical milepost for a comprehensive review of the scholarly contributions to immigration research must necessarily commence with two seminal articles by E. G. Ravenstein, a British statistician who wrote two classical articles one in 1885 and the other in 1889. Despite the fact that the first³ article referred to domestic migration and the second⁴ article concentrated on international migration, both had the same title and were published in the same journal four years apart. In essence, Ravenstein attempted to articulate the push and pull forces that lead to migration.

What Ravenstein put forward as 'laws' in both articles were basically propositions that encompassed an array of migration related variables such as distance, stages, transportation, motives, etc. For example, in his article on internal migration Ravenstein concluded that the rate of migration between two points will be inversely related to the distance between these two points. He further observed that migrants who tend to travel over long distances will tend to 'go by preference to one of the great centres of commerce and industry'⁵. In addition Ravenstein's article on internal migration suggested that migratory flows appear to follow a particular pattern that is reminiscent of a stage approach to migration. In this schema a country's domestic migrants would initially move towards nearby towns and eventually gravitate towards the most rapidly expanding cities. Ravenstein concluded his analysis of internal migration by stating that

'the natives of towns are less migratory than those of the rural parts of the country.'⁶ In this respect Ravenstein's fundamental 'law' of domestic migration was that it was essentially and predominantly of a rural-urban nature.

Ravenstein's second article concentrated on international migration and focused on mobility aspects related to transportation as well as the specific motives that compel migrants to cross international frontiers. With respect to transportation, Ravenstein concluded that migration flows will have a built-in tendency to increase over time as a result of increases 'in the means of locomotion' and the 'development of manufacturers and commerce.'⁷ Ravenstein's most important conclusion in his article on international migration concentrated on the importance of the economic motive in the interplay of push and pull forces culminating into international migrations. Thus, prospective migrants are pushed from their homelands by mitigating economic conditions or pulled to the country of destination by the enticement of a more affluent environment. In this regard he concluded:

'...I do not question for a moment that the principal, though not the only cause of migration, has to be sought for in over-population in one part of the country, whilst there exist elsewhere underdeveloped resources which hold out greater promise for remunerative labour. It is obvious that this is not the only cause. Bad or oppressive laws, heavy taxation, an unattractive climate, uncongenial social surroundings, and even compulsion (slave trade), transportation, all have produced and are still producing currents of migration, but none of these currents can compare in volume with that which arises from the desire in most men to 'better' themselves in material respects.'⁸

Ravenstein's contributions to migration theory received a high accolade in 1966 when U. S. demographer E. S. Lee concluded that:

'In the three-quarters of a century which have passed, Ravenstein has been much quoted and occasionally challenged. But, while there have been literally thousands of migration studies in the meantime, few additional generalizations have been advanced. True, there have been studies of age and migration, sex and migration, race and migration, distance and migration, education and migration, the labour force and migration, and so forth; but most studies which focused upon the characteristics of migrants have been conducted with little reference to the volume of migration, and few studies have considered the reasons for migration or the assimilation of the migrant at destination.'⁹

In short, Lee restated and updated Ravenstein's laws proposing that the decision to migrate is determined by push, pull and neutral factors in one's country of origin and place of destination as well as the distance between the two.

There is no denying that Ravenstein's article on international migration is a pivotal and important contribution to the analytical literature on migration research. Indeed, insofar as it underlined the singular importance of economic factors in motivating human migrations it is seminal to our survey of the literature dealing with economic theory. Indeed, most subsequent analytical studies would also conclude that the economic motive dominates the matrix of factors influencing the decision to migrate in the context of voluntary migrations.

MERCANTILISM AND IMMIGRATION

The mercantilist philosophy which prevailed in Europe during the seventeenth and eighteenth century influenced profoundly the development of economic theory. In its simplest form mercantilism espoused the economic essentials that the acquisition and

population of the colonies were economically desirable inasmuch as that process would contribute to the economic prosperity of the colonial powers. Specifically, the two foremost economic advantages of mercantilism were ready access to raw materials and a captive market for the sale of finished products. The mercantilist school of political economy emphasized the economic, political and military advantages of a large and expanding population for the mother country and indeed favoured measures to enhance population growth.¹⁰ However, the flow of human resources from the colonial powers of the day to the colonies was discouraged within the parameters of the prevailing mercantilist philosophy.

The profound influence that mercantilist philosophy had on immigrant receiving countries is amply evident in the early development of newly discovered colonies in North America and elsewhere. Indeed, there is no denying that the mercantilist ideology influenced in a substantive and indelible manner the course of Canadian economic development. More specifically, it initiated the exploration of the geographical expanse that would subsequently become one of the foremost colonies of the new world and be called Canada. Furthermore, the economic foundations of the mercantilist philosophy influenced the selective process of economic exploitation of specific natural resources and gave rise to a pattern of economic growth and development that was based on the export of natural resources and raw materials. This pattern of economic evolution defined the process of settlement and the pattern of immigration.

The nature of the mercantilist economic axiom as it was applied to the Canadian context is best described as follows:

'Despite the disparate nature of the natural resources which helped to stimulate economic change, the harvesting and economic consequences of them shared common features. These were first analysed systematically by W. A. MacKintosh and H. A. Innis and from their writings evolved what has come to be known as 'the staples thesis'. Staples are defined as products destined primarily for export which have a high natural-resource content.'¹¹

In his assessment of the contributions of mercantilist thinkers, Heckscher concludes that the prevailing view was that the colonial power's economic interests were best served by promoting the growth of population within its national boundaries. Heckscher underlines this observation by stating:

'...the unambiguous statement is frequently to be found that wealth itself consists in the largest possible population. Child, for example, wrote 'the riches of a city as of a nation, ...consisting in the multitude of inhabitants'. Roger Coke, normally one of the most independent of mercantilist thinkers, stated that greater numbers of people increase strength; and again greater numbers of people improve trade'.¹²

In many respects the demographic conceptual framework within which the mercantilist philosophy evolved was decidedly anti-emigration in scope and substance. Indeed, emigration was generally perceived as being detrimental to a nation's economic potential. Furthermore, it was acknowledged that inasmuch as immigration was necessary for populating the colonies it had to proceed in numbers and manner that would not jeopardize the economic prosperity of the mother country. The mercantilists' contention was that overseas migration would have to be carefully controlled so that it would maximize employment opportunities in the mother country rather than dispersing and diluting its population base. The principal economic foundation of the mercantilist philosophy rested on the deduction that a nation would prosper by exporting the product of its labour and not labour *per se*. In this regard the mercantilist ideal of preserving and enhancing a nation's population base would increase labour services and lower labour costs.

The mercantilist perception of the role of immigration and emigration was articulated by Child in the following manner:

'The size of the population was entirely a function of potential employment. Such as our employment is for people, so many will our people be, and if we should imagine we have in England employment but for one hundred and fifty people; I say the fifty must away from us, or starve or be hanged to prevent it. The reverse obtains if too many people leave that country, for much want of people would procure greater wages, and greater wages if our laws gave encouragement, would procure us a supply of people without the charge of breeding them... the odds in populacy must also produce the like odds in manufacture. Plenty of people must also cause the cheapness of manufacture; in a scarcity of people wages must be dearer, which must cause the dearness of manufacture'.¹³

The mercantilists espoused the view that international trade should be a substitute for immigration. Thus the acquisition of raw materials from the colonies and the export potential of the colonies for finished products could secure the means by which the mother country could safeguard its population from emigrating and at the same time augment the country's economic capacity and potential. Mill articulated the relationship between international trade and immigration in the following manner:

'Work should be exported and matter imported so long as satisfactory terms of trade could be obtained, otherwise population would have to be contained within the limits of home produced subsistence.'¹⁴

The mercantilists' fear of eroding their population base as a consequence of populating the colonies led to the emergence of an intricate pattern of 'triangular trade'. In this triangular trade, the two superpowers of the day, England and France, would supply the export of finished products and transportation facilities in the form of sea faring vessels; Africa supplied the manpower resources; the colonies supplied the raw materials. The economic parameters of the triangular trade were essentially that a ship would set sail from a port in the mother country laden with manufactured goods, these would be exchanged at a profit for slaves on the coast of Africa who would subsequently be traded for raw materials and the produce of the plantations in the new world colonies. The ships would then return to their home port having shaped a triangular pattern of trade. As the volume of trade increased, the pattern of triangular trade was supplemented but never supplanted by a direct trade between the old world and the new world in the form of exchanging manufactured products directly for colonial produce. The magnitude of international trade that ensued in the seventeenth and eighteenth centuries as a result of the mercantilist philosophy provided the label for the centuries of trade just as the nineteenth century would become known as the century of production. This pattern of triangular trade proved effective in safeguarding the domestic population base of the colonial powers and relying on the slave trade to supply the manpower requirements of the colonies while at the same time securing a captive consumer market for finished products.

Domestic policies were also enforced to curtail and discourage emigration. It was not coincidental that the Settlement Law of 1601 was enacted to restrict the free mobility of labour in England during the early days of mercantilism. In retrospect this legislative initiative proved to be a double-edged sword. The complexity of the law, the relief to able-bodied labourers, the encouragement of early marriage and large families, were largely responsible for the enhanced poverty of the rural population and contributed to masses of unemployed labourers. The ensuing social and political unrest brought a profound reaction against the poor and unemployed, and consequently any labourer apprehended leaving his parish without an authorization was considered a vagrant and

imprisoned. Parenthetically, the parishes saw this as a means of getting rid of vagrants and as a solution to the serious social problems of overpopulation by forcing them to emigrate to the colonies.

The public policy focus of mercantilism was directed primarily towards the ways and means by which the wealth and power of the state would be enhanced. The principal concern of this effort was to increase aggregate national income or the excess of national income over the wage-cost of production, which was viewed as a source of tax revenue for the state. Public policy was therefore not directly concerned with increasing per capita income. Within this conceptual framework, population growth would augment national income and at the same time depress the hourly wage rate, giving the workers an incentive to work longer hours and widening the margin between national income and wage costs.

In the waning hours of mercantilism during the last half of the eighteenth century, the mercantilist philosophy was seriously challenged by the emerging classical school of thought which was spearheaded by Adam Smith and his *laissez faire* doctrine. The population explosion that had occurred in the final period of mercantilism coupled with the decline in prosperity led to the demise in intellectual appeal of the long established idea that population growth was economically advantageous. One of the first challenges to the mercantilist doctrine was by Cantillon¹⁵ who proposed an alternate perspective by suggesting that population growth was dependent upon the standard of living and upon how much of the subsistence produced was available for the support of the resident population. In addition, classical thinkers such as Thomas Malthus would subsequently articulate the relationship between population increase and economic prosperity from a different vantage point. Overall, it was inadvertent that the mercantilists who perceived immigration as leading to the demise of the economic potency of the nation state would abstain from concentrating their scholarly efforts towards the study of the economic parameters of immigration.

ADAM SMITH AND IMMIGRATION

The contemporary void in a comprehensive theoretical model within which the economics of immigration can be studied and analyzed is largely due to the neglect that this field of study has attracted from the founding fathers of modern-day economics and in the more recent evolution of economic theory. Despite the fact that Adam Smith wrote his *Inquiry into the Nature and Causes of the Wealth of Nations* in 1776, during the high noon of trans-Atlantic migration movements, he neglected to address in any substantive manner the economic causes and consequences of international migration. Indeed it is particularly perplexing that the founding father of the economics of *laissez faire, laissez passer* did not incorporate the role of immigration in his exposition of economic theory. Smith did, however, focus on the vital role of labour in generating economic growth and was one of the first economists to identify the concept of human capital. He articulated the economic role of labour in the following manner:

‘The annual labour of every nation is the fund which originally supplies it with all the necessaries and conveniences of life which it annually consumes, and which consist always either in the immediate produce of that labour or in what is purchased with that produce from other nations.’¹⁶

Perhaps Smith’s most poignant economic contribution was in introducing the merits of specialization and division of labour which preceded his analysis of the concept of human capital. Smith noted the economic benefits from specialization in production and the division of labour. According to Smith the division of labour would result in an

increase in the dexterity of workers and the elimination of time lost whenever a worker is burdened with more than one task. He also suggested that technical progress would ensue whenever workers concentrated on one task and consequently improved the methods of accomplishing it by means of inventing suitable machinery. While Smith pointed out that the extent of the division of labour is limited by the extent of the market, he also emphasized that the increase in productivity and income enhances the capacity of the market and thus the process would go on indefinitely.

Both William Petty and Adam Smith articulated the importance of productivity levels in determining a country's economic well-being. They suggested that productivity would be influenced by the size of the market through the division of labour and economies of scale.

What is typical in the economic thinking of both early economists, however, is the missing link in terms of underlining the economic role of immigration towards increasing the size of the market. In particular, an increase in population through immigration would lead to an increase in the size of the market providing the necessary impetus to productivity and investment which in turn would create the momentum for enhanced economic growth.

Referring to the process of human capital, Smith noted that fixed capital included among other things '...the acquired and useful abilities of all inhabitants or members of society'. He went on to articulate the process of human capital formation in this manner:

'The acquisition of such talents, by the maintenance of the acquirer during his education, study or apprenticeship, always costs a real expense, which is a capital fixed and realized, as it were, in his person. Those talents, as they may make a part of his fortune, so do they likewise of that society to which he belongs. The improved dexterity of a workman may be considered in the same light as a machine or instrument of trade which facilitates and abridges labour, and which, though it costs a certain expense, repays that expense with profit.'¹⁷

It is interesting to note that, whereas Smith concluded that the quantity and quality of labour were an integral component of economic growth and development, he did not link that process with the acquisition of new labour force entrants by means of immigration; while he stated that:

'The annual produce of the land and labour of any nation can be increased in its value by no other means, but by increasing either the numbers of its productive labourers, or the productive powers of those labourers who had before been employed.'¹⁸

Smith nevertheless emphasized a minimal role for immigration in the North American context:

'The most decisive mark of the prosperity of any country is the increase of the number of its inhabitants. In Great Britain, and most other European countries, they are not supposed to double in less than five hundred years. In the British colonies in North America it has been found that they double in twenty or five-and-twenty years. Nor in the present times is this increase principally owing to the continual importation of new inhabitants, but to the great multiplication of the species.'¹⁹

Smith's theoretical underpinning vis à vis the concept of human capital and the economics of labour resources are no doubt central to the economic role of immigration. Indeed, the concept of human capital would in due course become a pivotal feature in identifying the economic gains to immigrant receiving countries. It is nonetheless regrettable that in those early formative stages that laid the foundations for modern

economic theory a more direct link between Smith's theoretical parameters and the economic role of immigration was not successfully consummated. Hence, the absence of a general thrust and disposition in subsequent decades that would facilitate the evolution of a conceptual framework and allow for a substantive analytical exposition of the economics of immigration.

THE CLASSICAL ECONOMISTS

The classical economists who succeeded Adam Smith, such as Thomas Malthus and David Ricardo, were primarily responsible for tainting the subject matter of economics as the 'dismal science.' This was due in large measure to their gloomy predictions with respect to the economic demise that would occur as a consequence of population and labour force growth. It should be noted, however, that their observations regarding population growth were founded on a conceptual framework that did not allow for technological change or any increase in the stock of resources. In this classical scenario additional labour inputs would contribute to diminishing returns and result in a decline in economic performance and economic growth.

Classical economists differentiated between three factors of production: land, labour and capital. Land which by extension included natural resources was the non-creatable and non-reproducible input of production. Capital was the agent of production created by human beings from natural resources. Labour was simply the work force. The essential foundation for classical economics upon which Malthusian and Ricardian theories were built was that successive inputs of capital and labour in production would become less and less productive if the quantity of a third input, in this case land, was limited in quantity. In consequence, the classical theories proposed by both early economists concentrated on the manner in which the fixed nature of the aggregate supply of land would eventually cause economic growth to taper and cease.

Classical economic theory changed the emphasis of economic analysis from production to distribution. Indeed, as a consequence of the prevailing economic pessimism classical economists devoted their attention towards the division of income rather than the growth of income. In this regard, population growth was perceived as a detriment to economic welfare in sharp contrast to the mercantilist philosophy.

Thomas Malthus' views of the economic consequences of population growth first appeared in England during the latter part of the eighteenth century. This was a period of economic instability characterized by the structural changes in the economy emanating from the Industrial Revolution and the rapid rate of population increase.

The first edition of Malthus' *Essay on the Principle of Population* appeared in 1798. In that essay he asserted that mankind's capacity to increase its means of subsistence was much less than mankind's ability to multiply its numbers. Specifically, Malthus noted that mankind would increase its subsistence in an arithmetic progression, whereas population growth would tend to increase in a geometric progression.²⁰ In this bleak scenario overpopulation and shortages of food would cause epidemics, wars and famines which would increase death rates or moral restraint which would reduce birth rates. These conditions would ultimately lead to a decline in living standards. In subsequent essays Malthus would temper his numerical exposition but remained steadfast with respect to his overall conclusion that population increase would exceed a nation's capacity to meet the basic subsistence requirements of its citizens.

In the second and subsequent revisions to his essay, Malthus emphasized that population pressures and the diversion of too large an amount of productive resources to population growth were the principal cause of mass poverty. Rather than reiterate the

numerical consequences of population increase, Malthus drew attention to the diminishing returns that would set in the agricultural sector since fertile land was limited in expanse and not capable of continuous and sufficient improvement.

Among other things, Malthus suggested that emigration was merely a temporary palliative towards alleviating unrestrained population growth. In this regard he reflected:

'It is clear, therefore, that with any view of making room for an unrestricted increase of population, emigration is perfectly inadequate; but as a partial and temporary expedient, and with a view to the more general cultivation of the earth and the wider extension of civilization, it seems to be both useful and proper; and if it cannot be proved that governments are bound actively to encourage it, it is not only strikingly unjust, but in the highest degree impolitic in them to prevent it. There are no fears so totally ill-grounded as the fears of depopulation from emigration. The *vis inertiae* of the great body of the people, and their attachment to their homes, are qualities so strong and general that we may rest assured they will not emigrate unless, from political discontents or extreme poverty, they are in such a state as will make it as much for the advantage of their country as of themselves that they should go out of it. The complaints of high wages in consequences of emigrations are of all others the most unreasonable, and ought the least to be attended to. If the wages of labour in any country be such as to enable the lower classes of people to live with tolerable comfort, we may be quite certain that they will not emigrate, and if they be not such, it is cruelty and injustice to detain them.'²¹

Malthus popularized and to a certain extent dramatized the horrifying effects of continuing population growth, but his analysis and that of David Ricardo were essentially similar in scope and substance.

The first edition of Ricardo's *Principles of Political Economy* appeared in 1817 with subsequent editions in 1819 and 1821. While Malthus ignored variations in the quality of land, Ricardo took into consideration that producers would turn to poorer and poorer qualities of land as the pressure of population growth and production on land already in use increased.

Ricardo, like Malthus, assumed that any increase in wages above the subsistence level would cause an increase in population. Indeed, it was Ricardo's idea that in the longer term 'the iron law of wages' would prevail and workers would be the recipients of a minimum subsistence wage. The parameters of Ricardo's treatise espoused that when wages rise above the natural price this will induce larger families and population growth. In turn the momentum of population growth would lead to a decline in wages until they fall to the natural price level or even below. In the event that wages fall below the natural price the resulting economic malaise would lead to a decline in population size and ultimately to a rise in wage rates. The economic forces that Ricardo articulated would lead to a long-run tendency for wages to gravitate to the subsistence minimum.

Ricardo also extrapolated that in the initial stages of economic activity characterized by a surplus of the best quality land, no one would be required to pay rent for the use of the land. However, with increasing amounts of capital and labour the best quality land would be occupied and producers would be forced to turn to poorer land. By bidding for the use of the better land producers would cause rents to be paid equal to the difference between its productivity and that of marginal land. Gradually, the competition between producers would lead to poorer and poorer land being brought into use, output would increase less and less per unit of added capital and labour and at the same time the competition for the better land would increase rents and hence reduce profits. There

would be no added demand for labour, so that wages would remain permanently at the subsistence level. In this scenario there would be no further population increase and no additional economic growth. In short, the economy would have reached a steady state.

The several editions of Alfred Marshall's *Principles of Economics* that were published during the last decade of the nineteenth century and the first part of the twentieth century contain the sum total of the evolution of classical economic theory. It is succinctly revealing, therefore, to note that in his comprehensive exposition of classical theory Marshall chose to delegate the economics of immigration to the status of a footnote. This appears to underline the fact that classical economists considered the economics of immigration to be peripheral to the principal scope and substance of economic theory and analysis.

The thrust of Marshall's cursory exposition of the economics of immigration is contained in the following quotation:

'Many estimates have been made of the addition to the wealth of a country caused by the arrival of an immigrant whose cost of rearing in his early years was defrayed elsewhere, and who is likely to produce more than he consumes in the country of his adoption. The estimates have been made on many plans, all of them rough, and some apparently faulty in principle; but most of them find the average value of an immigrant to be about £ 200. It would seem that we should calculate the value of the immigrant on the lines... that... we... 'discount' the probable value of all the future services that he would render, add them together, and deduct from them the sum of the 'discounted' values of all the wealth and direct services of other persons that he would consume; and it may be noted that in thus calculating each element of production and consumption at its probable value, we have incidentally allowed for the chances of his premature death and sickness, as well as of his failure or success in life. Or again, we might estimate his value at the money cost of production which his native country had incurred for him; which would in like manner be found by adding together the 'accumulated' values of all the several elements of his past consumption and deducting from them the sum of the 'accumulated' values of all the several elements of his past production.'²²

J. M. KEYNES AND POPULATION GROWTH

John Maynard Keynes became the singular most influential economist in the post World War II period. There is no denying that his economic doctrine profoundly influenced the course of Western economic thinking and the parameters of public policy formulation. Indeed Keynesian economics opened the door towards a more pervasive role for government in formulating and implementing public policy with a view towards impacting upon the course of economic events.

Keynes, like most economists who preceded him, did not address the economics of immigration in his overall conceptual formulation. He did, however, attempt to wrestle with an issue tangential to the role of immigration; the economics of population change. His perspective on the subject fluctuated between at times being critical of while at other times being more sympathetically disposed towards Malthus' pronouncement on population. It is well known, for example, that Keynes' views of the Malthusian doctrine vacillated over the years of his writings.

It should be underlined that Keynes' writings on Malthus from the period 1930 to 1937, that is from the Great Depression until the publication of his *General Theory of Employment, Interest and Money*, Keynes essentially ignored Malthus' population theories and instead selectively concentrated on his exposition of deficient aggregate

demand. On the other hand, in his *General Theory*, Keynes appears to have rediscovered Malthus' principle of deficient effective demand.

'The idea that we can safely neglect the aggregate demand function is fundamental to the Ricardian economics, which underlie what we have been taught for more than a century. Malthus, indeed, had vehemently opposed Ricardo's doctrine that it was impossible for effective demand to be deficient; but vainly. For, since Malthus was unable to explain clearly (apart from an appeal to the facts of common observation) how and why effective demand could be deficient or excessive, he failed to furnish an alternative construction; and Ricardo conquered England as completely as the Holy Inquisition conquered Spain. Not only was his theory accepted by the city, by statesmen and by the academic world, but controversy ceased; the other point of view completely disappeared; it ceased to be discussed. The great puzzle of effective demand with which Malthus had wrestled vanished from economic literature. You will not find it mentioned even once in the whole works of Marshall, Edgeworth and Professor Pigou, from whose hands the classical theory has received its most mature embodiment'.²³

It is also interesting to note Keynes' assessment of the contributions of Malthus and Ricardo:

'If only Malthus, instead of Ricardo, had been the parent stem from which nineteenth-century economics proceeded, what a much wiser and richer place the world would be today! We have laboriously to re-discover and force through the obscuring envelopes of our misguided education what should never have ceased to be obvious'.²⁴

The fluctuating and vacillating affinity that Keynes displayed towards the Malthusian treatise is aptly articulated by Guthrie in the following quotation:

'Keynes' professional response to Malthus falls into five periods. The first and last - encompassing the years 1905-1919 and 1937-1946, respectively - were times when Keynes did not find Malthusian ideas to be germane. In the second period, stretching from late 1919 to 1928, Keynes drew upon the population theories of Malthus. He perceived the supply-side consequences of population change and recommended policies to restrict population growth. His emphasis changed markedly early in 1930. During that (third) period, Keynes found, in Malthus' theory of insufficient effective demand, an explanation for mass, involuntary unemployment. He then perceived that declining population growth contributed to demand-side problems and recommended 'Malthusian' policies for expanding unemployment. Lastly, in the fourth period (*circa* 1937), Keynes drew upon both aspects of Malthusian thought to articulate a long-run theory of economic growth and decline'.²⁵

It is worth noting that Keynes argued that declining population growth was one of the causes of reduced investment demand. He wrote in his *General Theory* that:

'During the nineteenth century, the growth of population and of invention, the opening-up of new lands, the state of confidence and the frequency of war over the average of (say) each decade seem to have been sufficient, taken in conjunction with the propensity to consume, to establish a schedule of the marginal efficiency of capital which allowed a reasonably satisfactory average level of employment to be compatible with a rate of interest high enough to be psychologically acceptable to wealth-owners'.²⁶

Keynes' most direct and comprehensive contribution to the economics of demography was the Galton Lecture that he delivered before the Eugenics Society in 1937.²⁷ The principal thrust of Keynes' remarks suggests that he subscribed to the assumptions of the

classical and neoclassical schools of thought. More specifically, he espoused the view that population growth is an exogenous variable that is determined by natural increase. Furthermore, steady population growth accompanied by capital accumulation and technological change was perceived by Keynes as an essential ingredient for an expanding economy.

In his Galton Lecture, Keynes expanded on the classical formulation by warning against a stationary or declining population. In the Keynesian theoretical framework the end result of a declining population would be a lower level of effective demand, lower aggregate savings, less capital accumulation and consequently higher levels of unemployment.

The principal thrust of Keynes' address before the Eugenics Society was devoted to the perils of a declining population. He did, however, parenthetically reflect on the economics of an increasing population. It is in this latter context that his remarks are of special interest to us inasmuch as they indirectly relate to the economics of immigration vis à vis population growth. Keynes noted that:

'An increasing population has a very important influence on the demand for capital. Not only does the demand for capital - apart from technical changes and an improved standard of life - increase more or less in proportion to population. But, business expectations being based much more on present than on prospective demand, an era of increasing population tends to promote optimism, since demand will in general tend to exceed, rather than fall short of, what was hoped for. Moreover a mistake, resulting in a particular type of capital being in temporary over-supply, is in such conditions rapidly corrected. But in an era of declining population the opposite is true. Demand tends to be below what was expected, and a state of over-supply is less easily corrected. Thus a pessimistic atmosphere may ensue; and, although at long last pessimism may tend to correct itself through its effect on supply, the first result to prosperity of a change-over from an increasing to a declining population may be very disastrous.'²⁸

The relationship that Keynes draws with the Malthusian doctrine is an interesting one. Keynes suggests that his views vis à vis the Malthusian theory are contained in the premise that more capital resources per head, essentially land, would enhance the economic benefits and the standard of living of the residents; the growth in population, on the other hand, would be disastrous and retard the increase in living standards. Keynes concluded on this matter that:

'It may seem at first sight that I am contesting this old theory (Malthusian theory) and am arguing, on the contrary, that a phase of declining population will make it immensely more difficult than before to maintain prosperity.

In a sense this is a true interpretation of what I am saying. But if there are any old Malthusians here present let them not suppose that I am rejecting their essential argument. Unquestionably a stationary population does facilitate a rising standard of life; but on one condition only - namely that the increase in resources or in consumption, as the case may be, which the stationariness of population makes possible, does actually take place. For we have now learned that we have another devil at our elbow at least as fierce as the Malthusian - namely the devil of unemployment escaping through the breakdown of effective demand.'²⁹

It is perhaps appropriate to conclude this section on Keynes by quoting this passage from his Galton Lecture:

'I do not depart from the old Malthusian conclusions. I only wish to warn you that the chaining up of the one devil may, if we are careless, only serve to loose another still fiercer and more intractable'.³⁰

In this charismatic interpretation Keynes refers to the first devil as being population growth while the second devil refers to unemployment.

CONCLUSION

From an economic perspective it is indeed a sad commentary to record the void permeated by the absence of a comprehensive immigration theory within the mainstream evolution of economic knowledge. The preceding overview highlighting the principal contributions of economists over a broad spectrum of the history of economic thought underlined the extent to which the economics of immigration was a neglected topic. It is indeed regrettable to note that immigration theory stagnated into an atrophic offshoot of the principal thrust of economic knowledge. In the course of the development of economic theory major landmarks that address immigration issues are blatantly missing. While it is true that some economists have addressed issues related to population and the migration process, they did so in a tangential and peripheral manner which did not bestow any substantive degree of prominence or incisiveness with respect to the economic impact of immigration to demographic variables, the size and occupational composition of the labour force, as well as the rate of economic growth and the process of economic development. Furthermore, the void created by the lack of a conceptual framework has detracted from the ability of economists to undertake a systematic study and analysis of the economic foundations, causes and consequences of immigration. In short, the author contends that the contemporary vacuum regarding a comprehensive conceptual framework that would delineate the parameters and articulate the impact of international migration is the product of a systematic neglect for the topic of immigration in the historical evolution of mainstream economic theory.

It is particularly disquieting to record that the failure to develop a conceptual framework has detracted from a rigorous theoretical analysis and an exhaustive evaluation of the economic parameters pertinent to the development of an enlightened immigration policy. Indeed, this theoretical void in a conceptual framework for the economic role of immigration has impeded immigrant-receiving countries from setting the foundations and thrust of their immigration policy to encompass a longer term and more proactive dimension. It would seem to me that it is particularly the longer term and proactive aspects of the economic role of immigration that have been a sadly neglected dimension of previous efforts to develop and articulate a conceptual framework for analyzing and evaluating the public policy parameters related to the economics of immigration.

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L'IMMIGRATION ET L'EVOLUTION DE LA THEORIE ECONOMIQUE

D'un point de vue économique, il est vraiment regrettable de constater le vide laissé par l'absence d'une théorie globale sur l'immigration dans l'ensemble de la science économique. Dans cet article, l'auteur s'efforce de présenter un aperçu des principales contributions des économistes à un large spectre de l'histoire de la pensée économique. Et il est vraiment regrettable de noter que la théorie sur l'immigration a été reléguée dans les ramifications atrophiques du courant principal de la connaissance économique. Dans l'évolution de la théorie économique, des repères majeurs concernant l'immigration sont absents de manière flagrante. Il est vrai que certains économistes se sont intéressés à des questions relatives à la population et au processus migratoire, mais ils n'ont fait que les effleurer et n'ont accordé aucun degré de prééminence ou d'acuité à l'impact économique de la migration sur les variables démographiques, au volume et à l'éventail professionnel de la force de travail ainsi qu'au taux de croissance économique et au processus de développement économique. De plus, le vide créé par l'absence d'un cadre conceptuel a nui à la capacité des économistes d'entreprendre une étude systématique et une analyse des fondements économiques, des causes et des conséquences de l'immigration. En bref, l'auteur prétend que le vide actuel résultant de l'absence d'un cadre conceptuel global qui délimiterait les paramètres et articulerait l'impact de la migration internationale, est le produit d'une négligence systématique de la question de l'immigration dans l'évolution historique du courant principal de la théorie économique.

En outre, l'absence d'un cadre conceptuel pour l'immigration a empêché une analyse théorique rigoureuse et une évaluation approfondie des paramètres économiques qui auraient servi à l'élaboration d'une politique d'immigration éclairée. En fait, ce vide théorique dans le cadre conceptuel du rôle économique de l'immigration a empêché les pays d'accueil des immigrants d'établir les fondements de leur politique d'immigration afin d'y inclure une dimension à long terme et active. L'auteur soutient que ce sont particulièrement les aspects à long terme et actifs du rôle économique de l'immigration qui ont été une dimension regrettablement négligée lors des tentatives faites précédemment pour mettre au point et articuler un cadre conceptuel d'analyse et d'évaluation des paramètres politiques liés aux aspects économiques de l'immigration.

LA MIGRACION Y LA EVOLUCION DE LA TEORIA ECONOMICA

Desde el punto de vista de la economía es penoso verificar el vacío creado por la ausencia de una teoría global de la migración dentro de la corriente principal del conocimiento en materia económica. El presente artículo procura presentar una reseña general de las principales contribuciones aportadas al respecto por los economistas de muy diversas tendencias durante la historia del pensamiento económico. Es en efecto lamentable observar que la teoría de la migración ha llegado a estancarse hasta el punto de convertirse en un brote atrofiado en el tronco principal del conocimiento económico. En el curso del desarrollo de la teoría económica salta a la vista la ausencia de contribuciones significativas dedicadas a las cuestiones de la migración. Si bien es cierto que algunos economistas han abordado cuestiones relativas a la población y al proceso migratorio, lo han hecho en forma tangencial y periférica, sin impartirles mayor prominencia ni significación tocante a los efectos económicos de la migración sobre las variables

demográficas, y el volumen y la estructura profesional de la fuerza de trabajo, así como sobre la tasa de crecimiento de la economía y el proceso de desarrollo económico. Además, el vacío ocasionado por la falta de un marco de referencia conceptual ha menoscabado la capacidad de los economistas para emprender un estudio y un análisis sistemáticos del aspecto económico en los orígenes, causas y consecuencias de la migración. En síntesis, el autor sostiene que el vacío existente en la actualidad, ocasionado por la ausencia de un amplio marco de referencia conceptual apto para delinear los parámetros y articular el impacto de la migración internacional, es producto de una negligencia sistemática del tema de la migración en la evolución histórica de la corriente principal del pensamiento económico.

Además, la circunstancia de no haber llegado a desarrollarse un marco de referencia conceptual para la migración ha impedido un riguroso análisis teórico y una evaluación a fondo de los parámetros económicos pertinentes al desarrollo de una política de migraciones nacional y bien fundamentada. En realidad, este vacío teórico en el marco conceptual del papel económico de la migración ha impedido a los países de acogida sentar las bases y establecer las proyecciones de sus respectivas políticas inmigratorias sobre periodos de largo plazo y con características más dinámicas. El autor sostiene que son precisamente los aspectos de largo plazo y de dinamismo en el papel económico de la migración los que han sido lamentablemente descuidados en ocasión de intentos anteriores de desarrollar y articular un marco de referencia conceptual para analizar y evaluar los parámetros de las políticas oficiales relativas a la economía de la migración.