

## **Columbus Day**

### **The First Wave of European Immigration**

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*This article is the fourth in a year-long series about economics and holidays.*

Columbus sailed the ocean blue in 1492, landing on one of the islands of the Bahamas, and subsequently other islands in the Caribbean. Americans celebrate October 12<sup>th</sup> in his honor, a holiday especially popular with Italians, since Columbus was a native of Genoa. Revisionist history suggests that the encounter was not entirely a positive experience for all concerned, so the holiday has been somewhat muted in the last decade or so.

Columbus's three ships were the first wave of European immigration into, not a vast emptiness, but two continents already heavily populated by non-Europeans. The immigrants brought technology, disease, greed, warfare, and Christianity to the Western Hemisphere, not necessarily in that order. While they were more or less celebrated in their Spanish homeland (Columbus was arrested for torturing the natives as governor, but released), they were not necessarily greatly appreciated by those to whom they brought these gifts. The challenges created by immigrants to the natives of the New World are still with us today, in different forms. Immigrants do not generally bring technology, disease, warfare, or religion, but they do bring differences in culture and conflict with the indigenous citizens over jobs and wages, in the United States and elsewhere. Ironically, the most visible and numerous immigrants to the United States are those descended from the invading Spaniards and the natives they encountered, Hispanics from Mexico and Central America.

The culture conflict is real but perhaps less profound than the economic concerns. The movement to make English the official language of the United States and, the resentment of children who speak no English when they start school reflect suspicion of foreigners and resistance to change. But these attitudes compete with the enjoyable discovery of Hispanic arts and music and the ubiquitous Mexican restaurants in much of the country, and similar discovery and enjoyment of art, music and food from Asian and African cultures.

The economic effects of immigration are much more complex. There are both costs and benefits associated with immigration, and often the costs fall on one group of existing residents while the benefits accrue to a different group. So there are two important questions. Do the benefits of immigration exceed the costs, or vice versa? And in either case, who gains and who loses?

If the goal is simply economic growth, immigrants are an additional productive resource. Most immigrants are young, single males who are willing to do unskilled and semi-skilled work for modest wages. Legal immigrants must be paid at least minimum wage and in turn pay income taxes, social security taxes, sales taxes, excise taxes, and—through their landlords—property taxes. If and when their

families arrive, they may require more public services such as education, recreation, transportation, etc., but young single males who enter legally can be expected to contribute more in taxes than they demand in services. Social Security in particular benefits from the influx of younger workers.

For those already here, immigrants may make their economic situation better or worse. If you are an employer, immigrants expand the labor pool and hold down labor costs. If you are a middle to upper income household, it's easier to get household and yard help. But if you are at the bottom of the economic ladder, immigrant workers aren't a benefit—they are competition, keeping wages low and taking jobs that you might otherwise have had and competing for a limited supply of affordable housing. It's true that when times get hard, many of these immigrant workers go home, cushioning the effect of an economic downturn on low-wage workers, but that's not much comfort. And the effect of immigration on competition has spread upward as college-educated workers find themselves competing with the graduates of India's excellent technical universities for jobs in the United States.

Of course, if the immigrants are prevented from coming, the jobs may move to the low wage workers, as we have seen first in textiles and shoes, then in the whole range of more durable and expensive consumer goods from appliances to automobiles to computers. So cracking down on immigration is no guarantee that your job will not go to someone from another country, either through outsourcing or immigration. The reality is that American workers are competing in a global economy. At least if these workers are in the U.S., they are subject to our labor and environmental standards and contributing to the cost of public services.

The global economy in which Americans compete more intensely than ever with workers from other nations can trace its roots to Columbus and his voyages of discovery, settlement and conquest. The gifts he brought to the natives were a mixed bag, and so were the gifts he brought back to Europe—gold (which caused a great deal of inflation), chocolate, and tobacco among them. Immigration continues to be a mixed blessing, benefiting some, reducing opportunity and causing losses and dislocation to others. Both trade and migration enable the world to use its scarce resources more efficiently, increasing total output. But unless we as a nation face up to the fact that the mobility of workers (immigration) and capital (outsourcing) create some real costs for large segments of society, and try to address those costs, we will continue to have anger, protests, and even violence directed at the immigrants among us.

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