

The contribution of J.R. Commons to migration analysis

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Abstract The complexities of migration have exposed fundamental problems in how mainstream economists understand migration and shown the limitations of the neoliberal migration policies typically proposed as panacea to overcome the migration crisis. Therefore, political economy must provide both a critique of and alternative to mainstream economics theories and policies of migration. Yet, while the canon of mainstream migration theories is vast, the radical political economy challenge is relatively undeveloped or narrowly centred on structural Marxist political economy. To broaden the radical challenge to the mainstream, this essay highlights and clarifies a simple institutional economics framework based on the notes provided by J.R. Commons in his 1907 classic: *Races and Immigrants in America*. Commons' approach is radically different from the mainstream in terms of its unit, scale, and concept of labour. Grounded in trans-actions rather than *homo economicus* and multi-scalar and historical instead of mainstream ahistoricism and spatial separatism, this approach does not consider labour as 'capital' in which to 'invest' to produce more goods or commodity merely to be sold. In turn, its policy orientation is also entirely different. This institutional framework has much in common with the Marxist alternative, for example, in terms of emphasising the class basis of migration. However, it is sufficiently different from the Marxist approach to constitute a distinctive paradigm that can help to better understand and transcend migration. Although the institutional economics framework has major drawbacks, including its sympathies with eugenics or 'scientific racism', these problems can be addressed without losing the essence of the approach: offering a critique of and alternatives to mainstream economics while evolving into a full-scale institutional economics migration approach.

Keywords Migration · Institutions · Production · Distribution

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1 Introduction

The current migration crisis requires distinctive institutional economics answers: what causes migration? What are the political economic effects of migration on the host population and on the host economy more generally? Does migration increase or decrease economic activities in the country of origin? What policies can be pursued?

Answers to these questions have typically been shaped by three approaches—(1) neoclassical, (2) new economics of labour migration and (3) historical–structural synthesis—and the interactions among them (Abreu 2012; Piché 2013; Pröbsting 2015; Obeng-Odoom 2017a). The neoclassical methodology is based on an individualist unit of analysis and the assumption of rational economic man. This *homo economicus*—unlike the real man—makes only rational calculations based on a calculus of costs and benefits which are either actual or perceived. It is this calculus that was canonised as ‘the laws of migration’ by Ravenstein (1889) and later formalised by Lee (1966) as the push–pull framework of analysis. Within this approach, there are specific theoretical positions such as the Harris–Todaro model (Todaro 1969; Todaro et al. 2006) that claims that rural–urban migration happens in response to perceived income differences. There are qualifications to such theories, of course: the role of information availability and transaction costs, for example, but, overall, these models are based on a methodology of neoclassical economics individualism.

The new economics of labour migration approach requires some comments too. Broadening the unit of analysis of the neoclassical model to the household, it tends to claim that it is the interaction between the individual and the household that drives the migration process. Therefore, the rational economic man is replaced with the rational economic household. Much like the relationship between neoclassical economics and new institutional economics, this approach to migration is consistent with the core neoclassical economics model.

The historical/structuralist approach to migration provides an entirely different ontological and epistemological framework centred on institutions such as class and race. The approach is sensitive to historical forces and draws attention to fundamental structural processes. The most advanced methodological approach within this eclectic approach is the Marxist framework of migration, which emphasises how structural capitalist forces push and pull labour from one area to another and how, in the process, capitalist processes shape migration. It has been applied by Marxist political economists such as Rosewarne (2010, 2012, 2014, 2016) and Castles (2011, 2012, 2015).

Although, in practice, there is much mixing of paradigms in policy making (Obeng-Odoom 2017a), the neoclassical approach tends to offer inspiration to conservative politicians, while new economics of labour migration approach inspires neoliberal policies. Humanistic policies are hard to place because they tend

to have a broad base of ideas (including Papal humanism), but some of it can be traced to the historical/structural analytical perspective too.

What about institutional economics: what can it offer and how distinct or related is this approach to existing approaches? This essay highlights and clarifies a simple institutional economics framework provided by Commons (1862–1945). Following Zouache (2017), I use the notes provided by Commons in his 1907 classic: *Races and Immigrants in America* as fairly representative of Commons' approach to migration.

The period within which the book was written is significant. Commons was in his final stage of intellectual development—after his initial thought (1882–1894) characterised by strong religious views formed through his associations with members of the Social Gospel Movement and his second stage (1895–1899) characterised by some broadening out of his intellectual sphere of action from the church to legislative bodies as one important source for people to change the working rules of society (Gonce 1996). He was also without a formal university position in the lead up to writing the book, so he had much more time to do ethnographic research, to leave with and to study among immigrants, to investigate how they were organising or not, and to observe at first hand the negotiations between workers and employers—as Commons himself narrates in chapter IV of *Myself* (Commons 1934/1964), his autobiography. In terms of practical policy experience too, Commons had been tasked by the US Industrial Commission to work on migration in the 1899 (Commons 1934/2009, p. 2)–1900 period (Commons 1934/1964, p. 67). He wrote up his report in 1902 (Commons 1934/1964, p. 77) and, in 1904, returned to a university position again, bringing with him his real world encounters (Gonce 1996, p. 660). *Races and Immigrants in America* (1907) was written three years after Commons returned to academia.

Compared to his other books, the literature on this masterpiece is thin. Given that migration was an important focus for Commons and the name of the book itself, as Commons recalls in *Myself* (Commons 1934/1964, p. 74), 'was the title of one of my first courses of lectures at the University', Zouache's (2017) recent analysis of the book is a valuable addition to the literature on Commons. Zouache's (2017) three contributions are first 'to dissect his conception of the relation between races, institutions, and economics' (p. 343), second to 'show how Commons' conception reveals the intimate but often hidden connection between race, culture, and economics and the ambivalence on the relative effects of heredity and culture than neo-Lamarckism permitted' (p. 343), and finally to demonstrate that 'Commons' volume, with its ambiguity, its racial references, but also its treatment of religion, culture, and nationality, shows that biological racism and culturalism are intimately interrelated' (p. 344).

My focus is rather different because I seek to clarify Commons' approach to analysing migration more widely. The focus on migration is particularly important because according to Commons himself, it was through his study of migration that he came to develop many of his ideas such as 'working rules' and his policy emphasis on trade unions as an important institution to improve the conditions of labour. Indeed, Commons' entire institutional economics is fundamentally shaped

by his study of migration commissioned by the US Industrial Commission in 1900 (Commons 1934/1964, p. 67). As Commons notes in *Myself* (1934/1964):

After about 6 months ...studying the immigrants themselves, I took a trip to the headquarters of about half of the national trade unions to discover the effects of immigration on unionism (Commons 1934/1964, p. 71)... While attending... their national 'joint conference' of mine workers and their employers, I was struck by the resemblance to the origins of the British Parliament. On one side of the great hall were nearly a thousand delegates from the local unions, an elected representative body. On the other side were about seventy employers appearing directly, without election, as owners of the coal mines. It was evidently an industrial House of Commons and House of Lords, but without a King. I named it 'constitutional government in industry'... The essential point, as I learned in 1900 at the miners' joint conference, was the elimination, as far as possible, of a third party, the arbitrator—whether King, legislature, governor or dictator, handing down rules and regulations from above—and the substitution of rules agreed upon collectively, by conciliation. It was to be, as I then learned in 1900, not Democracy in the historic meaning of a majority overruling the minority, but representation of organized voluntary but conflicting economic interests. *After thirty years I attempted to work my discovery of 1900 into a system of institutional economics* (Commons 1934/1964, pp. 72–73, emphasis added).

Therefore, studying Commons' approach to migration is vitally important. I argue that Commons' approach is radically different from the mainstream in terms of its unit and scale of analysis as well as its concept of labour. Grounded in transactions rather than *homo economicus*, while being both multi-scalar and historical, this approach does not consider labour as 'capital' in which to 'invest' to produce more goods or commodity merely to be sold as migrants. In turn, its policy orientation is also entirely different. This institutional framework has much in common with the Marxist alternative, for example, in terms of emphasising the class basis of migration. However, it is sufficiently different from that approach to constitute a distinctive paradigm that can help to better understand and transcend migration. That said, the approach by Commons has important drawbacks. Its sympathies with eugenics or 'scientific racism' weakens its grasps of how race moulded migration in the twentieth century in which he was writing. In addition, the overconcentration of Commons' policy proposals on destination settlements and the disconnect between his diagnosis of the causes of migration and some of his policy proposals limit Commons' otherwise useful alternative. However, these problems can be addressed without losing the essence of Commons' approach.

2 Drivers and causes

In analysing the drivers and causes of migration, Commons did not view individuals apart from their wider social environment, including the 'business cycle' (see Sect. 3 for discussion). Neither did he adopt the household as an autonomous unit for analysis, as is done in the new economics of labour migration approach. Instead, he

looked at how individual action is conditioned by social and political economic factors. Indeed, much like the historical/structuralist approaches, Commons looked to structural and historical forces for explanations. So, he recognised that the causes of migration differ from time to time and structural forces themselves are not static. He is prepared to accept that war, environmental crises, economic, and political forces can all drive migration *all at once or at different times*. For instance, he notes:

The German migration of the nineteenth century was quite distinct in character from that of the preceding century. The colonial migration was largely induced on religious grounds, but that of the past century was political and economic, with at first a notable prominence of materialism (p. 22).

However, Commons allows for forces other than class which is the predominant focus in the Marxist approach. In particular, he links class to race in explaining the diverse migration of specific groups. In his words:

Last of the immigrants to be mentioned, but among the earliest in point of time, is the black race from the slave coast of Africa. This was not a free and voluntary migration of a people seeking new fields to escape oppression, but a forced migration designed to relieve the white race of toil (p. 10).

One entire race, the Negro, came solely for the profit of ship-owners and landowners. Working people of the colonial period were hoodwinked and kidnapped by shippers and speculators who reimbursed themselves by indenturing them to planters and farmers. The beginners of other races have come through similar but less coercive inducements, initiated, however, by the demand of those who held American property for speculation or investment (p. 31).

In other words, Commons asserts that both race and class matter in analysing the causes of migration just as time and history are important (see also pp. 20–31 for a discussion of how different people over different periods migrated and for what reasons). He is able to distinguish between ‘colonial migration’ shaped by religious persecution and other forms of migration driven by the pursuit of business enterprise, or a combination of motives over time (pp. 12–13). These diverse motives can also help to understand the morphology of migration in various settlements. Business-driven migration tends to mould a grouping of migrants that is diverse and openly liberal, while religious persecution of one group can force the development of religious enclaves. In practice, as Commons showed, the character of migrant spaces can be influenced in a diversity of ways. So, the key point for Commons is that institutions at both origin and destination shape what kind of migration took place, which people migrated where and when.

In turn, for Commons, policies in force at both origin and destination ought to be studied in analysing the causes of migration. Commons analysed both what he called ‘American open door policy’ (p. 4) and the policies in Germany that created the positive social conditions to attract Germans back to their country (p. 3). In this analysis, Commons argued that the focus must go beyond production to probe matters of reproduction, the intersectionality of production, reproduction and wider

social determinants of change. So, the approach turns attention to race and migration, race and wage levels, and the social production of race differences. If chapter 4 handled the ‘push factors’ of different groups out of their countries, in the chapter on Industry (chapter 5), Commons looks at the policies prevailing at destination settlements which attract migrants. In his words:

But it would be a mistake should we stop at that point and look upon the migration of these dissatisfied elements as only a voluntary movement to better their condition. In fact, had it been left to the initiative of the emigrants the flow of immigration to America could scarcely ever have reached one-half its actual dimensions (p. 31).

He then proceeds to make a strong materialist methodological point about the causes of migration:

While various motives and inducements have always worked together, and it would be rash to assert dogmatically the relative weight of each, yet to one who has carefully noted all the circumstances it is scarcely an exaggeration to say that even more important than the initiative of immigrants have been the efforts of Americans and ship-owners to bring and attract them. Throughout our history these efforts have been inspired by one grand, effective motive—that of making a profit upon the immigrants. The desire to get cheap labor, to take in passenger fares, and to sell land have probably brought more immigrants than the hard conditions of Europe, Asia, and Africa have sent. Induced immigration has been as potent as voluntary immigration. And it is to this mercenary motive that we owe our manifold variety of races, and especially our influx of backward races (p. 31).

Commons also analyses how the state uses advertisements to attract migrants, considers in what ways migration agents emerge from among migrant nationalities, and investigates how enterprises develop as middle-range institutions to mould migration. So, the Commons’ approach to the causes of migration is not only about push or pull, but also institutions in the middle that emerge or transform to drive change. I will argue that the approach is similar to Veblen’s emphasis on ‘cumulative change’ (On this concept, see Waller 2017). So, although Commons himself consistently drew a distinction between his and Veblen’s institutional economics (see, for example, Commons 1934/1990, chapter X; Commons 1934/2009, chapter X), on investigating the causes of migration, the two approaches are quite similar in transcending mainstream economists’ obsession with untangling ‘proximate causes’. Commons’ approach seeks to carefully analyse the social provisioning process of change and continuity, which entails the combination and cumulation of several political economic forces over time. As detailed in *Myself* (1934/1964, chapter 4), in that process of analysis, Commons is more inductive than mainstream economists but, as we see in *Races and Immigrants in America* (1907), Commons is also able to combine inductive and deductive analysis to shed light on the wider causes of migration.

3 Effects and resulting policy considerations

Commons analysed various effects and policy positions on migration, but his biggest concern was the effect of migration on labour. Grounded in his notes on business cycles (Commons 1907, pp. 42–43), Commons holds that migration is greatest in times of prosperity and least when there is a depression in the destination settlement. Commons envisages both a lag and cumulative effect: ‘Furthermore, when once the flow of immigrants is stimulated it continues for some time after the pinnacle of prosperity has been reached’ (p. 43). In contrast, the import of goods and services is tightly controlled such that whether in a depression or in a boom, the amount of import remains almost the same such that it does not match the cycle of migration. In these cycles of booms and depressions, wages tend to form in the ‘labour market’, that is, it is the interactions of the forces of demand and supply of workers that set the price or wages for labour. These business cycles generate three effects. First, the prices of goods and services increase as demand for an increasing population outstrips the supply of goods and services tightly controlled by protectionism. Second, with growth in the size of the labour pool, over and above what is necessary for production, the size of wages declines. Third, and in contrast to declining wages, profits increase from both cheap labour and rising prices of goods and services.

Therefore, the framework Commons uses to discuss the effects of migration emphasises the intersection between the creation and distribution of wealth or the conflict between profits and wages. He sets this framework up in chapter 5 on industry (also see pp. 34–43). Unlike mainstream economists, Commons does not see the maldistribution of low wages and high profit as an equilibrating mechanism. Instead, he considers it a conflict between seeking to make more money from sales and paying the least possible wages, and a tension between the potential to improve social conditions in society and the tendency for crisis. As Commons notes (pp. 42–43), ‘The swell of immigration in the above-mentioned periods of prosperity increases the supply of labor, but the protective tariff prevents a similar increase in the supply of products. Thus, immigration and the tariff together prevent wages from rising with the rise in prices of commodities and cost of living. This permits profits to increase more than wages, to be followed by overproduction and stoppage of business’ (pp. 42–43). According to Commons (1907), the repercussions of this cycle are serious enough: ‘overproduction, loss of profits, inability to pay fixed charges, and consequent panics’ (p. 43).

From this analysis, it is arguable that, if Commons’ approach to diagnosis of causes is similar to Veblen’s, then his approach to looking at effects is more consistent with Myrdal’s ‘circular and cumulative causation’, as developed in his book, *An American Dilemma* (Myrdal 1944). The analysis in Myrdal’s book is clearly that of setting out the failings of the processes and outcomes of migration and how they can get worse over time, especially for weaker economic classes. As a theory of development, Myrdal’s circular and cumulative causation (CCC) probes unequal relations between countries, classes, and races and their tendency to worsen socio-economic conditions for the weaker groups and greater affluence and comfort

for more powerful interests and groups. However, CCC also recognises the possibilities of addressing the failings and hence their cumulative consequences through institutional redesign. Indeed, changing the working rules could lead to ‘spread effects’ (see Fujita 2007 for a more detailed discussion of CCC), and the possibility of convergence. From this perspective, Commons’ work is more similar to Myrdal’s and differs radically from Veblen’s approach, which shares greater affinities with Marxist analysis.

Commons looked to workers’ unions as one important institution that can address the problem of migration. Yet, he was not naive because he recognised the hurdles to be cleared in building worker unity, noting that ‘There is but one thing that stands in the way of completed unionization in many of the industries; namely a flood of immigration too great for assimilation’ (p. 42). His most important conclusion is that employers use ‘race’ to play off workers against one another in such a way that unionization is substantially difficult. In this sense, racism among workers is created by employers and similar interest groups that benefit from the exploitation and exclusion of migrants. Commons, however, highlights that this strategy is inherently unstable because workers would eventually find out the contradiction. In his words:

Unionism comes to them as a discovery and a revelation. Suddenly to find that men of other races whom they have hated are really brothers, and that their enmity has been encouraged for the profit of a common oppressor, is the most profound awakening of which they are capable (pp. 41–42).

Following from his analysis of effects, Commons’ preferred policy is simply to control the number of immigrants, support immigrant workers, and improve the conditions of all workers. In his words, ‘If immigration is restricted enough and those on the ground have time to get experience and training in self-government, then a middle ground will be necessary through the recognition of collective bargaining’ (p. 5).

As Commons takes race seriously, his preferred policies are similarly race sensitive. Like mainstream economists, Commons insisted on using tests to bring in only the most congenial migrants. His approach is no different to the skilled migrant visa, advocated by neoliberals today. Where Commons differ is that he also advocates for comprehensive labour protection for both migrant and non-migrant workers. As a champion of trade unions, Commons’ response to the growing number of migrants is developing minimum wage standards below which workers should not be employed. In his words, ‘If immigration is restricted enough, and those on the ground have time to get experience and training in self-government, then a middle ground will be necessary through the recognition of collective bargaining’ (p. 5). Indeed, Commons goes as far as advocating public employment of migrants instead of leaving them to find their own work in the private sector:

In this connection I wish to modify a statement made on page 229. Speaking there of the then proposed agricultural distribution of immigrants, I objected to a governmental system of employment offices. But experience shows that the evils of private offices are so great, especially in the case of immigrants, and

has also shown that a proper organization of public offices is so feasible, that objection is overruled (p. 6).

4 Critical reflections

J.R. Commons' institutional approach to migration offers a path that is significantly different from what the mainstream economics frameworks provide. As summarised in Table 1, Commons' approach is based on trans-actions as the unit of analysis rather than *homo economicus*. These 'trans-actions'—'that is, actions between individuals—as well as individual behaviour' (Commons 1934/2009, p. 73) is a major shift away from 'commodities, individuals, and exchanges to transactions and working rules that marks the transition from the classical and hedonic schools to the institutional schools of economic thinking'. The strength of this unit of analysis is that it puts the focus of investigation on conflict, relationships between the sources of conflict and their wider environment, and the resolution of conflict in a process that is dynamic and contingent on reasonable rules. The resolution of conflicts itself is not through seeking a 'harmony of interests' but in harmonising the working rules and processes of conflict resolution (Commons 1934/2009, p. 4). In this process, institutions dynamically interact with the wider social environment and economic system.

The framework emphasises multiscalarity and is historical in its analysis. Although, in his systematic literature review of migration theories based on 'founding texts', Piché (2013, p. 147) credits Morokvasic's (1984) classic paper in *International Migration Review* as the 'founding text' on the gender or feminist approach to migration, as far back as 1907, Commons was weaving gender into his analysis of migration.

On labour, Commons' approach does not consider labour as 'capital' in which to 'invest' to produce more goods or commodity merely to be sold—in contrast to the mainstream economics 'human capital' approach and new institutional economics' social capital approach. In turn, the approach by Commons leads to migration policies that are substantially different in character.

Commons' approach may be similar to a Marxist alternative, for example, in terms of emphasising the class basis of migration or offering a critical perspective on the commodification of labour, but it is also distinct from what Marxists offer.

The emphasis on race and culture is one important distinguishing feature. Yet, its sympathies with eugenics or 'scientific racism' (Zouache 2017) is extremely limiting. Like Gunnar Myrdal's *American Dilemma* (1944), Commons' *Races and Immigrants in America* (1907) is quite naive on race. The approach studies race outside of class and gender relations (for a detailed critique see Cox 1945; Zouache 2017). In chapter 1 of this important book, titled 'race and democracy', for example, Commons claims that Thomas Jefferson's 'all men are created equal' does not mean that all men should be allowed to equally make decisions or participate in decision making because 'the individual, or the classes, or the races, who through any mental or moral defect are unable to assert themselves beside other individuals, classes, or races, and to enforce their right to an equal voice in determining the laws

Table 1 Analytical paradigms in economics

Analytical paradigms in economics	Neoclassical economics	New economics of labor migration	Structuralism	Commons' institutional economics
Unit of analysis	Individual	Household/nuclear family	Class	Trans-actions
Outlook on migration	Positive Neoliberalism	Positive Investment neoliberalism	Negative Worker controls, Commoning	Contingent Social protection
Identity	Culture, religion, race	Culture, religion, race	Transculturalism	Eugenics

and conditions which govern all, are just as much deprived of the privilege as though they were excluded by the constitution' (p. 7). Some are incapable of doing so, he claims.

Commons acknowledges the diversity in the experiences of the various racial groups but explains them in terms of different opportunities available to different races. In this sense, he does not suggest that certain races are biologically inferior but he is convinced that, because of social provisioning, certain races have less/more of some skills than others. Indeed, Commons links these different traits and skills to certain cultures and is able to make categorical comments about some races. Blacks come up for particular critical comments. The lack of mechanical skills is one such weakness, according to Commons, whereas the Aryan has superior skills. Yet, the social environment for the development and maintenance of this condition is not systematically analysed. In turn, questions pressing questions about migration—such as—such as why do Blacks lack mechanical skills? Why did they have unequal opportunities in the first place? How are some Blacks better than others at mechanical and even intellectual skills than other Blacks?—are neither asked let alone answered.

Despite this lack of serious analysis, Commons makes comments that clearly reveal his prejudice. He recognised that WEB Dubois, for example, was an outstanding Black intellectual. Yet, Commons explains his scholarly skills in biological terms when he says that Dubois is mulatto and not Black. In other words, Blacks are incapable of intellectual prowess. This reading of racial differences leads him to some disturbing analyses of race (see p. 54), since discredited by Cheikh Anta Diop in his book, *The African Origin of Civilization* (1967/1974) and by Dr. Frances Cress Welsing in her controversial 'Cress theory of color confrontation' published in *The Black Scholar* (see Welsing 1974).

However, even setting that problematic reading of race aside, Commons' framework continues to suffer additional failings, especially in terms of its understanding of space and people. Generally, the appeal of institutionalism is that it offers a better understanding of space than neoclassical economics and its grasps of multiscalarity and how it intermingles with the economic system around the

world is much more developed than in mainstream schools of economics. So, in *Reconstructing Urban Economics*, Obeng-Odoom (2016) strongly advocates the embrace of institutional economics. To be sure, Commons' diagnosis of the causes of migration is multi-scalar, at least, in terms of possible solutions. Yet, Commons focuses almost entirely on developing the nation state and the condition of migrants in the destination country; not in the source settlement. In turn, Commons' approach is quite partial and reformist.

Therefore, although this particular institutionalist approach to migration develops a relational view of space in the sense that Commons acknowledges the comingling of spatial and social forces, Commons is not consistent in his application of such an important framework. Ultimately, his approach can help to understand but not necessarily to fully transcend migration. Just as critically, although Commons' framework takes the effect of migration on the resident population seriously, it does not look at the effect of migration on the sending or source country, city, or region neither does he look at the effect of migration on the population of the sending country, the continuing and almost pervasive role of landed property and rent in shaping migration at the origin and the destination of migration, as Henry George in the classical economics tradition consistently argued (e.g., George 1883/1981; Beck 2012; Obeng-Odoom 2017a). In turn, the second problem of Commons' framework is compounded.

5 Conclusion and contemplations for the future

What can we learn from Commons' approach to migration in the light of the current global migration crisis? In his stimulating paper, 'Evolutionary Economics in the 21st Century: A Manifesto', Shiozawa (2004) notes that institutional economics can only remain relevant if it goes beyond simply criticising other schools and critically reflecting on itself. This school of thought, Shiozawa (2004) argues, must also provide an alternative to help better understand and transcend social reality. Therefore, it is useful to update Commons' approach. Original institutional economists today try to overcome such problems, although they remain wedded to similar strictures. As Lainé's (2016) contribution to a recent issue of the *Journal of Economic Issues* shows, institutional economists attempt to use the emphasis on culture as a critique of the human capital theory. Drawing mostly on the work of Pierre Bourdieu, this body of work highlights culture—collectively developed practices, including 'technical skills, aesthetic preferences, verbal facility, general cultural awareness, educational credentials, and artistic awareness' (Lainé 2016, p. 72)—over individualised behaviours. So, as Zein-Elabdin's (2016) detailed account of how economists treat culture in their analyses and Throsby's (2001) key principles of cultural economics show, this approach to culture extends the mainstream. Yet, it shares with new institutional economics (as exemplified in the work of Daron Acemoglu, e.g., Acemoglu and Robinson 2012) a new cultural determinism in the sense that it discusses 'culture' without linking it to race, class, gender or any other identity. This 'cultural turn' in institutionalism does well to acknowledge that cultures change over time (see Lainé but also Klimina's (2016)

contribution to *Journal of Economic Issues*), but it still wanders into a dark alley of cultural fetishism and determinism (for example, in developing a so-called ‘cultural capital index’, see Lainé 2016, pp. 86–91). Because systematic research over the years (see, for example, Cox 1945; Crenshaw 1991; Mijid and Bernasek 2013) has established that race alone has limited explanatory power and that it has to be seen as intermingling with class, gender, and other identities, the institutional economics approach to race is in need of major revisions. Otherwise, it would merely offer ‘a mystical approach to the study of race relations’ (Cox 1945).

There is a tradition in institutionalism which attempts to address the race question by turning a blind eye to it, or suggesting that other issues are more important. This approach can be found in some of Commons’ work, for example, *The Legal Foundations of Capitalism* (1924) and Ely’s *Property and Contract in Their Relations to the Distribution of Wealth* (1914). It is a tradition to which other schools of thought, notably Georgist classical economics (e.g., George 1883; Beck 2012; Obeng-Odoom 2017a) and Marxist economics also subconsciously utilise (for an overview, see Obeng-Odoom 2017b)—although when he analysed migration, Henry George eventually replaced the view that there is a hierarchy of races in terms of which races had the more desirable qualities with the idea that all races are equal (for an overview, see Obeng-Odoom 2017b). The emphasis on structure helps to focus attention on structural forces of property rights and, at least for Georgism, to critically reflect on race, but it is similarly mystical in the sense that it assumes that structural forces are not racialised. So, appealing to that tradition can only make matters worse.

Stratification economics can provide a more comprehensive framework for analysis, as several studies (e.g., Arestis et al. 2014; Bueno 2015; del Río and Alonso-Villar 2017) now suggest. Built on years of research in economic heterodoxy, economic sociology, and political economy more widely:

Stratification economics is an emerging field in economics that seeks to expand the boundaries of the analysis of how economists analyze intergroup differences. It examines the competitive, and sometimes collaborative, interplay between members of social groups animated by their collective self-interest to attain or maintain relative group position in a social hierarchy (Darity et al. 2009, p. 1).

Developed by radical Black economists, the approach of stratification economics offers a stronger challenge to the mainstream and mainline accounts of social transformation and the experiences of minorities, especially Black people (Darity and Hamilton 2015) whose social conditions original institutional economists such as Myrdal and Commons have not succeeded in understanding. This approach looks for the sources of poverty and inequality not in the behaviour of the poor but primarily by looking at how their experiences intermingle with the rich regions, investigating whether the concentration of wealth and riches also explains the chronic concentration of poverty and the role of class as well as other identities such as gender. Unlike much of postcolonialism (shaped by new institutional economics), the investigation in stratification economics does not begin with colonialism: it goes further back to slavery and how it laid the foundations for colonialism, the neo-colonial Washington Consensus, and ongoing neoliberalism.

This radical emphasis turns attention to the intersection of economic structures, the habits of groups and individuals, race, gender, and class *that develop within such structures over different scales and time periods*. Its unit of analysis is not the individualistic patriarchal “rational man”, insensitive to race and other social descriptors and hierarchies. Its scale of analysis is similarly multiple because it cascades up to the world system and down to tensions and contradictions within and between institutions in cities, regions, and nations. So, this approach avoids the spatial separatism, methodological individualism, and methodological nationalism in mainstream and new institutional economics (Obeng-Odoom 2016, chapter 1).

Similarly, stratification economics takes a critical distance from mainstream economics in terms of its assumptions. Based on earlier studies in this field, it takes seriously the position that the framing of Africa’s development processes in cultural terms serves the interest of dominant nations, reproduces, and worsens economic outcomes for Africa, and entrenches the dominance of the dominant groups (Kranton 2016). In this sense, the view that racism against Africans is the product of ignorance of dominant white groups and that more education of white people and exposure to black people will erase the problem is apocryphal. Indeed, as NDB Connolly of Johns Hopkins University demonstrates in his magnum opus, *A World More Concrete: Real Estate and the Remaking of Jim Crow South Florida* (2014), the framing of blacks as culturally different, indeed inferior, or that blacks have a different ‘culture’ which keeps them backward is a systematically calculated ideology to hold the blacks back. As earlier noted, Commons (1907) recognised this deeper construction of racism, but he limited it only to the work relation; not to property relations.

Stratification economics as an approach to analysing socio-economic difference and differentiation is centred on at least seven pillars. First, that cultural analyses are misleading among others because cultures are not fixed but also that there are other more important drivers at play. Second, there is a strong emphasis on path dependence, especially the continuing influence of past structural forces on modern economic processes. Third, that these processes are not destiny but that they change context and institutions and present context and institutions can change the course of such processes. Fourth, it probes the interconnections between and the intersectionality of race, class, and gender. Fifth, the explanation of the social conditions of the marginal groups must necessarily take into account the relationship between the marginal and the dominant group over time. Sixth, the market is not only an equilibrating mechanism but is also a mechanism for discrimination, inequality, conflict, tensions, and contradictions. Finally, this approach directly challenges the mainstream and new institutional economics accounts of growth and change.

The analytical power of this approach is still being developed—thanks to the economist William Darity Jr. who has, to date, made the most sustained contribution to the field, especially in the United States (Arestis et al. 2014). Under his inspiration, there have been research on a wide range of themes such as the social conditions of Latinos in the US, questions of immigration, the racialization of the distribution of wealth, resume whitening and ‘acting white’ in the US, and the trajectories of businesses in USA along racial lines (Darity 2009, p. 802). The *Cambridge Journal of Economics* has also published some work on stratification economics centred on

the gendered and racial aspects of financialisation (Arestis et al. 2014). Geographically, the United States has been the laboratory for this approach, although there have been some international applications (Arestis et al. 2014). More fundamentally, the approach is yet to be systematically applied to land, property rights, and social transformation, although this focus represents one of the most fruitful avenues of analysis, picking up from the earlier work of an eclectic group of political economists such as Kimberle Crenshaw, Amina Mama, Cecelia Conrad, and Bell Hooks and adapting the resulting insights to international contexts (Stewart 2010; Obeng-Odoom 2017b). The success of Anne Haila's recent book *Urban Land Rent: Singapore as a Property State* (2016), which breaks away from the excessive reliance on 'Asian culture' as an explanation of social conditions in Singapore and looks towards structure for insights about the social stratification in that country, signals the urgent need for stratification economics analysis of land reform and property rights in Africa. The ground-breaking work of Jessica Gordon Nembhard (2014) details historical examples of alternative thinking among Africans.

Towards the future, these insights from stratification economics can help improve a wider institutionalist approach to migration analysis. Specifically, institutionalists of today can use Commons' approach to (a) establish causes and effects of migration which are more 'grounded' and more nuanced than sensational accounts of war or mainstream economics deductive accounts of self-interest, (b) collect data that can put the many stereotypical views held about migrants in other schools of thought to empirical test, while seeking to theorise migration anew and (c) actually *build or seek to shape* institutions that control or can shape the experiences of migrants.

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Compliance with ethical standards

Conflict of interest On behalf of all authors, the corresponding author states that there is no conflict of interest.

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