

Macro Roundup Article

Headline: [The Long-Run Impacts of Public Industrial Investment on Local Development and Economic Mobility: Evidence from World War II](#)

Article Link: <https://www.nber.org/papers/w32265>

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Tweet: [@andy_garin et al. show that men born before WWII in counties chosen for large wartime plant construction earned 2.5% more per year in adulthood relative to those born in comparable regions, with benefits mainly to children born to low-income parents.](#)

Summary: Publicly financed plants were built in dispersed locations outside of major urban centers for security reasons during the United States' industrial mobilization for World War II. Such wartime plant construction had large and persistent impacts on local development, characterized by an expansion of relatively high-wage manufacturing employment throughout the postwar era. Men born before WWII in counties where plants were built earned \$1,200 (in 2020 dollars) or 2.5 percent more per year in adulthood relative to those born in comparison regions, with larger benefits accruing to children of lower-income parents. The balance of evidence suggests that these individuals benefited primarily from the local expansion of higher-wage jobs to which they had access as adults. Related: 'Transformational Change': Biden's Industrial Policy Begins to Bear Fruit and Small Towns Chase America's \$3 Trillion Climate Gold Rush and Republican Districts Dominate US Clean Technology Investment Boom

Primary Topic: Government Spending

Topics: Academic paper, Database, Fiscal Policy, GDP, Government Spending, Investment, Politics, Security

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