

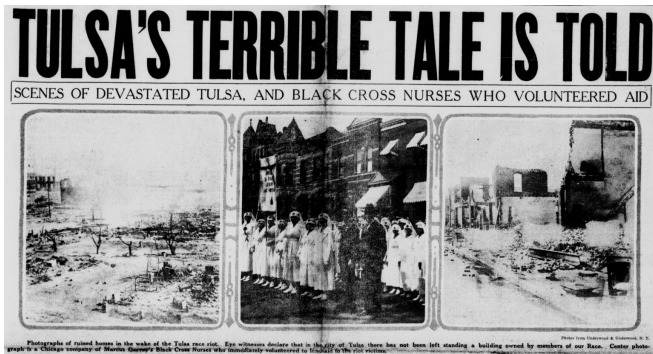
The Great Migration and Industrial Production

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Migrants are Often an Economic Scapegoat



"Tulsa's Terrible Tale is Told," The Chicago Whip (Chicago, IL), June 11, 1921, p.1.

Migrants are Often an Economic Scapegoat

- Race riots in St. Louis (1917) and in Tulsa (1921) fueled by an "(im)migrants stealing our jobs" sentiment
- The tendency to blame (im)migrants for economic hardship is repeated around the world, throughout history
- However, research has not come to a consensus on the effect of immigration on the economy
- Results on wage and employment effects for natives are inconclusive

How do large immigration shocks affect production choices of firms in the receiving labor market?

- **Context:** I will study local labor markets in the Northern and Western US during the Great Migration.
 - **Additional Question:** How do these firm responses play out in the long run?
- ⇒ These results would be important for evaluating immigration shocks and developing immigration policy

Millions Migrate from the South

NET MIGRATION OF BLACKS AND WHITES BY REGION (thousands)								
Decade	South White	South Black	NE White	NE Black	NC White	NC Black	West White	West Black
1870–1880	91	-68	-374	26	26	42	257	—
1880–1890	-271	-88	-240	61	-43	28	554	—
1890–1900	-30	-185	101	136	-445	49	374	—
1900–1910	-69	-194	-196	109	-1100	63	1375	22
1910–1920	-663	-555	-74	242	-145	281	880	32
1920–1930	-704	-903	-177	435	-464	426	1345	42
1930–1940	-558	-480	55	273	-747	152	1250	55
1940–1950	-866	-1581	-659	599	-1296	626	2822	356

Table 2 from Collins (1997)

- Migrants are overwhelmingly low-skilled laborers
- Immigration Restriction Acts of the 1920s
- US halts foreign immigration during WWI
- Surging labor demand during wartime

Related Great Migration Literature

- Boustan (2009) examines how wages in the North change as a result of the Great Migration.
 - Carefully divides workers into race-education-experience groups
 - Finds imperfect substitution between black and white workers
 - Finds a negative effect on native black wages, but no effect on native white wages
- Boustan (2010) finds that white flight is a direct response to inflows of black migrants.
- Carrington et al. (1996) demonstrate the importance of migrant networks in the location decision of migrants.

The Effect of Immigration on Wages is Ambiguous

- Borjas et al. (1997) proposes that native out-migration could offset labor supply shocks from immigrants.
- Card (2001) finds no evidence of native out-migration.
- Borjas (2003), El Badaoui et al. (2017), and Kleemans and Magruder (2018) all find **significant effects** of immigration on employment and wages, in a variety of contexts.
- Card (1990, 2005, and 2009) exploits variation across cities and finds **no significant effect** of immigration on native wages.
- Altonji and Card (2001) attribute the limited wage effects to a lack of competition between immigrants and low-skilled natives.

We Need to Understand the Labor Demand Response

Changes to Skill Biased Technical Change

- Peri (2012) and Imbert et al. (2022) find that firms reduce skill biased technical change.
- Lewis (2011) shows that automated machinery in late twentieth century US manufacturing substituted low-skilled labor and complemented middle-skill labor.
- Dustmann and Glitz (2015) conclude that within firm changes of factor intensities are more important angles of adjustments than wages and output. They attribute this to changes in technology.

Changes at the Extensive Margin

- Olney (2012) finds that all adjustment is explained by the number of establishments. Those new establishments tend to be smaller and in low-skill, tradable industries.

1929 – 1935 Census of Manufactures (Motor Vehicles Industry)

CONFIDENTIAL GOVERNMENT REPORT Form No. 1404 4-3144

FOR OFFICE USE ONLY
 (Place in this column)
 1404
 (Indicate Product)

DEPARTMENT OF COMMERCE
 BUREAU OF THE CENSUS
 WASHINGTON

The law makes it obligatory upon every manufacturer to furnish census data. All answers will be held in strict confidence.

1929 CENSUS OF MANUFACTURES, 1929
 REQUIRED BY ACT OF CONGRESS APPROVED JUNE 18, 1929 SEP 3 - 1930

MOTOR VEHICLES

Under the law, no one not a sworn employee of the Bureau of the Census will be permitted to examine your report, and no information can or will be given out by the Bureau of the Census to any person outside that Bureau, whether in Government service or in private life, which would disclose, exactly or approximately, any of the facts or figures in your report.

GENERAL INSTRUCTIONS.—Reports are required from all plants. Separate reports are required for plants in different counties and for those in different cities having 10,000 inhabitants or more. A combined report may be made for two or more plants in the same city or in the same county when located in plants with fewer than 10,000 inhabitants. Name and location of each plant must be specified. (See accompanying instructions in regard to transportation and manufacturing activities.)

1. DESCRIPTION OF PLANT.—If this report covers more than one plant, give name and location of each, under "Remarks," page 1. (See "General Instructions," above.)

a. NAME OF PLANT. *Northland Motor & Truck Company*

b. NAME OF OWNER OR OPERATOR. *See*

c. Is this owner or operator an incorporated concern? *Yes*

d. LOCATION OF PLANT

1. STATE. *California*

2. CITY, TOWN, OR VILLAGE. *Burbank*

3. STREET AND NUMBER. *San Fernando Rd*

e. POST-OFFICE ADDRESS IF DIFFERENT FROM LOCATION. *Burbank, Cal. 91504*

f. Is plant located within boundaries of city, town, or village as incorporated? *Yes* **g. If not, name the township, borough, or other civil division to which the plant is located.** *San Fernando*

h. Is this a new plant which started operations after January 1, 1929? *No*

i. INDICATE BY CHECK MARK (✓) IN PROPER SPACE WHETHER, SINCE JANUARY 1, 1929, THIS PLANT HAS CHANGED ITS NAME, LOCATION, OR OWNERSHIP. GENERAL NATURE OF REASONS. *No*

j. Is this plant a branch or subsidiary of some other concern? *No* **If so, give name and address of such concern.**

2. CHARACTER OF INDUSTRY.—These answers should be as definite as possible in brief space, indicating specific products and methods, but broad general classes. Entries with the following in part, a catalogue, or other printed matter ordinarily used by the concern, show the nature of its business.

a. PRODUCTS. *Motor Trucks*

b. MATERIALS USED. *Steel, Aluminum, Rubber, Glass, Wood, etc.*

(Specify principal kinds of materials or fuels, in order of importance.)

DISPOSITION

- 273 unique plants observed
- 2.4 times on average
- Basic plant information
- Products made, value and quantity
- Operation and working hours
- Wages and salaries
- Costs and Quantities of materials used
- Type of fuel and power equipment used

Thoughts on Identification

Shift-share IV as in Imbert et al. (2022)

- Labor supply shock ("shift")
 - ⇒ Use Higgs (1976) to find push and pull factors contributing to migration waves.
- Historical migration patterns ("share")
 - ⇒ Examine previous Census data to see where black migrants tend to cluster.

Other Possible Sources of Exogeneity

- Previous War Contracts, if they don't impact later production decisions.
- Railroad lines, which exogenously restrict migration patterns

Next Steps ...

- Cross-sectional correlations with current data
- Begin to explore Full Count Census data from 1930 and 1940 to track migration patterns
- Think carefully about how to deal with endogeneity of migration (and labor recruitment)
- Acquire or produce additional years of data to track firms over time