

RETURN INNOVATION

The Knowledge Spillovers of the British Migration to the US, 1870–1940^{*}

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Abstract

How does innovation diffuse across countries? In this paper, we document that out-migration promotes the diffusion of innovation from the country of destination to the country of origin of migrants. Between 1870 and 1940, nearly four million British immigrants settled in the United States. We construct a novel individual-level dataset linking British immigrants in the US to the UK census, and we digitize the universe of UK patents over 1853–1899. Using a new shift-share instrument for bilateral migration and a triple-differences design, we document that migration ties contribute to technology diffusion from the US to the UK. Through high-dimensional text analysis, we find that emigrants promote technology transfer, but they also nurture the production of original innovation. Physical return migration is an important driver of this “return innovation” effect. However, we find that the interactions between the emigrants and their communities of origin promote technology diffusion even absent return migration. Additionally, we show that migration ties further facilitate innovation diffusion by fostering cross-border market integration.

Keywords: Age of Mass Migration, Information, Innovation, Out-migration.

JEL Classification: F22, N73, N74, O15, O31, O33.

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