

Study: World War II plant construction expanded high-wage manufacturing jobs, benefiting residents and their children

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In a new study, researchers have examined the long-term effects of government-led construction of manufacturing plants during World War II on the regions where they were built and on residents. The study found that wartime construction had large and persistent effects on local development, expanding relatively high-wage manufacturing employment throughout the postwar era, and that these long-term benefits were shared by prewar residents and their children.

The study, by researchers at Carnegie Mellon University and the U.S. Census Bureau, [appears](#) as an NBER Working Paper.

The disappearance of high-wage manufacturing work from regions of the United States over the past four decades has had dire impacts on affected workers and local labor markets. "We turned to an earlier era in U.S. history to test whether the policy-driven expansion of high-wage work opportunities in one location translated to improved outcomes for the individuals in that location," explains Andrew Garin, assistant professor of economics at Carnegie Mellon's Heinz College, who led the study. "Our findings from this important historical event can inform place-based policy proposals today."

Throughout much of the 20th century, blue-collar manufacturing jobs were understood to provide an important opportunity for less educated workers to climb the economic ladder by offering high pay and stable careers. Today, policymakers are considering place-based policy interventions that incentivize firms to locate new manufacturing plants in regions with limited opportunity for economic advancement. But it is unclear how effective such efforts are at improving employment opportunities for local workers, particularly in the longer term.

In this study, researchers analyzed policy-driven manufacturing

expansions stemming from one of the largest government economic interventions in U.S. history: the industrial mobilization for World War II. They compared counties where plants were built to other similarly populated counties outside major manufacturing centers.

While most war production occurred at existing plants that were converted and expanded, it was often necessary to build new, large-scale plants in locations outside major urban centers because of security to meet production goals for key goods like airplanes, steel, aluminum, synthetic rubber, and ordnance.

The study drew on longitudinal administrative and survey data to identify where children lived prior to the war and charted their earnings and other outcomes as adults, regardless of where they settled. Researchers combined these data with information from the 1940 Census on the prewar socioeconomic status of the children's parents to study what types of individuals benefited and why.

Government-funded construction of manufacturing plants during World War II had large and persistent effects on the development of affected regions, the residents of those regions, and the lifetime earnings of children born in those regions before the war. Men born before WWII in counties where plants were built earned \$1,200 (in 2020 dollars), or 2.5% more per year, in adulthood than men born in comparison regions.

Local children in these areas benefited from the persistent expansion of high-wage blue collar jobs to which they had better local access as adults. The impacts were largest for children of parents with the lowest prewar earnings, consistent with views that local [manufacturing](#) jobs acted as a ladder to the middle class for economically disadvantaged residents in the mid-20th century.

"Our findings suggest that place-based economics policies that increase

residents' access to local high-wage work opportunities can substantially expand opportunities for economic advancement for local residents," says Garin. "But the success of any proposed place-based intervention depends on the details."

In particular, the authors suggest, policymakers aiming to promote upward mobility should carefully consider whether an intervention will generate paths to higher-wage employment for the people already living in the target area. These goals may not always align with current priorities of the firms that policies aim to attract, and may be more difficult to sustain in the 21st century global economy than in the postwar era.

For these and other reasons, the authors suggest that it might be challenging for modern policy to replicate the impacts of plant construction on local upward mobility during World War II.

More information: Andrew Garin et al, The Long-Run Impacts of Public Industrial Investment on Local Development and Economic Mobility: Evidence from World War II (2024). [DOI: 10.3386/w32265](https://doi.org/10.3386/w32265)

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