"Immigrants, Industries, and Path Dependence"
by Sebastian Ottinger

Discussion by Elisabeth Perlman

What Seeds Locations of Economic Activity? (US)

- Geographic features (portage, waterways, crop suitability)

- Human congregation points (forts, portage)

- Built environment (rail, harbors)

This paper provides an "intermediate" answer:

the somewhat arbitrary locations of immigrant settlement

Space-time tells matter how to move;
matter tells space-time how to curve

– John Archibald Wheeler

Basic fact: 1850 immigrants' location determines 1910 industries

- Employment in an industry in 1910 positively related to the presence of immigrants in 1850 whose counties will *later* be shown to have a comparative advantage in that industry

Should we expect 1850 immigrant location to determine 1910 industry?

- This doesn't seem obvious:

  - people who are particularly skilled in their countries' comparative advantage may be much less likely to leave

  - people in 1850 should have no reason to know anything about industries that develop well after they left

- Paper shuts down selection in the sense that immigrants don't choose places that they know are good for industries they know their country is good at
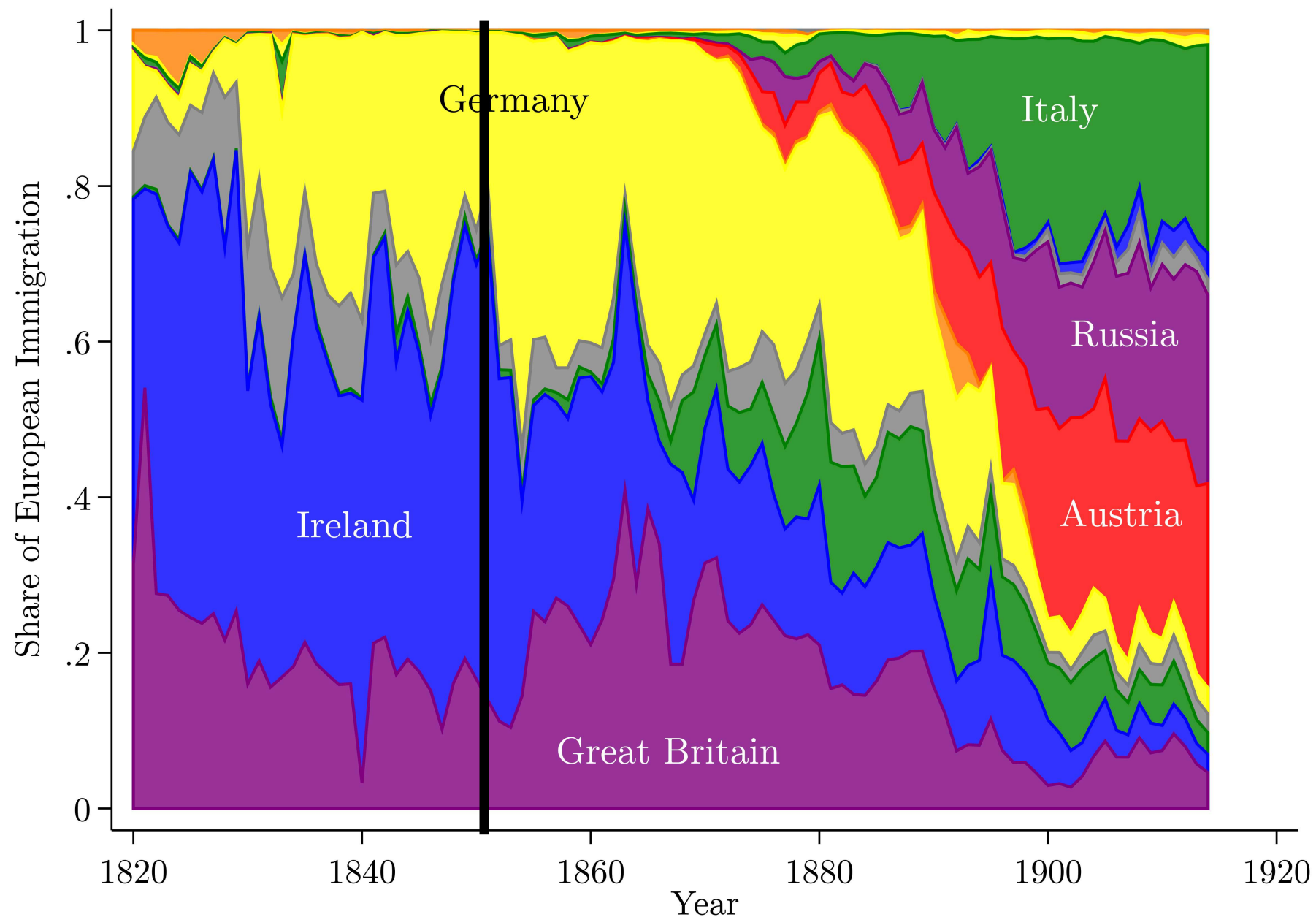
For Each County: Three Time Varying Pieces

- Past stock and current flow of immigrants

  - Next Slide

- Development of local industries

  - At a point in time could be: all ready established, something boosters actively want to attract (not clear if can get at this), or not in existence

- Development of industries abroad

  - County skilled at this, county developing this industry

For Each County: Three Time Varying Pieces

- Past stock and current flow of immigrants
  - Stock: do the people already their have skills or knowledge of the relevant industry?
  - Stock, knowledge flows: do the people already their have connections such that they learn about the relevant industry?
  - Flows: does the existence of a community atract people later who have skills or knowledge of the relevant industry?
  - What is the role of 2nd generation immigrants (Petra Moser shows important for patents in ~1920-1960)

From "Working Their Way Up? US Immigrants' Changing Labor Market Assimilation in the Age of Mass Migration" by William J. Collins and Ariell Zimran

Unconditional Assimilation

1880

People observed in the 1850 Census

From "Working Their Way Up? US Immigrants' Changing Labor Market Assimilation in the Age of Mass Migration" by William J. Collins and Ariell Zimran

Unconditional Assimilation

1930

People observed in the 1900 Census

From "Working Their Way Up? US Immigrants' Changing Labor Market Assimilation in the Age of Mass Migration" by William J. Collins and Ariell Zimran
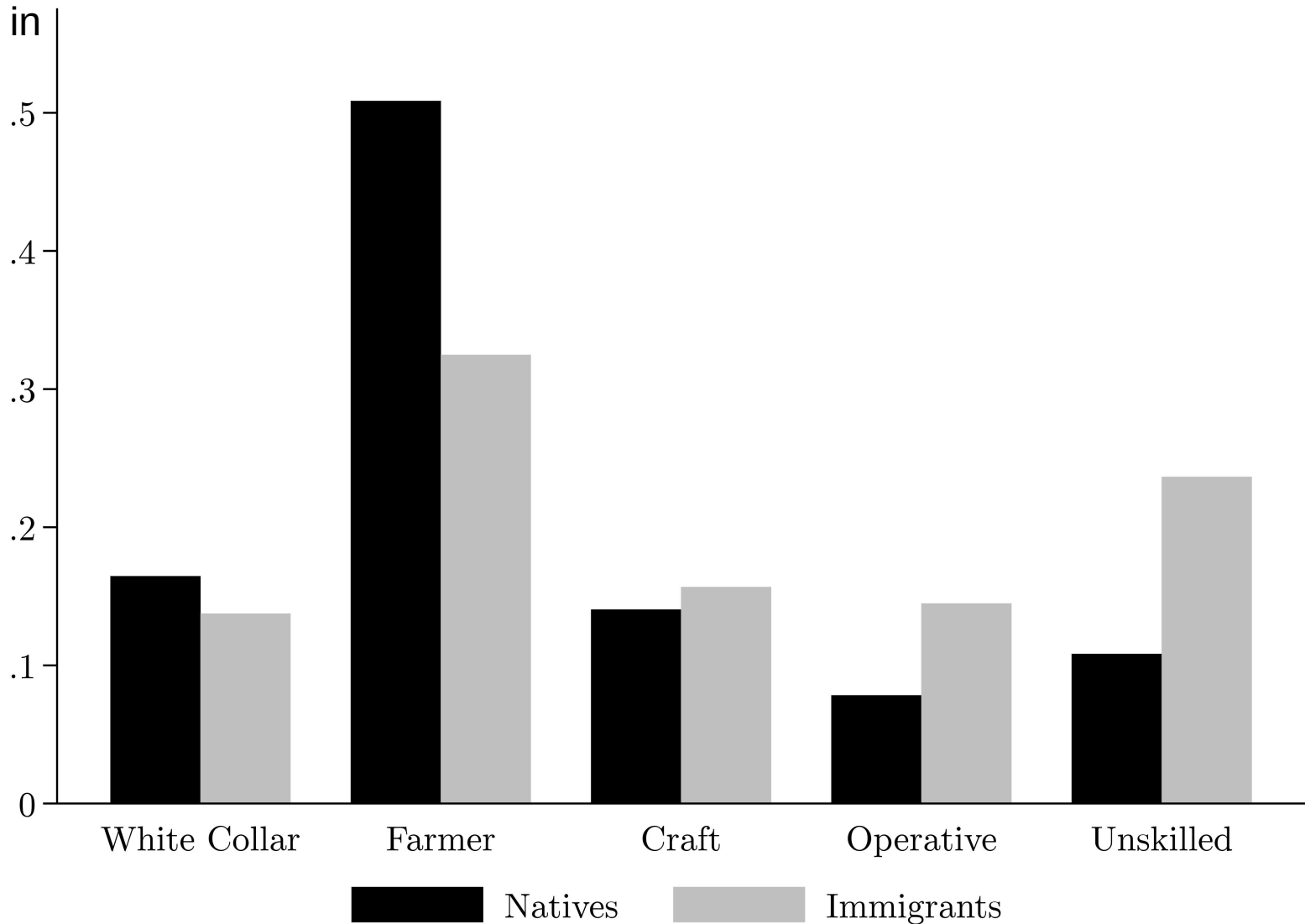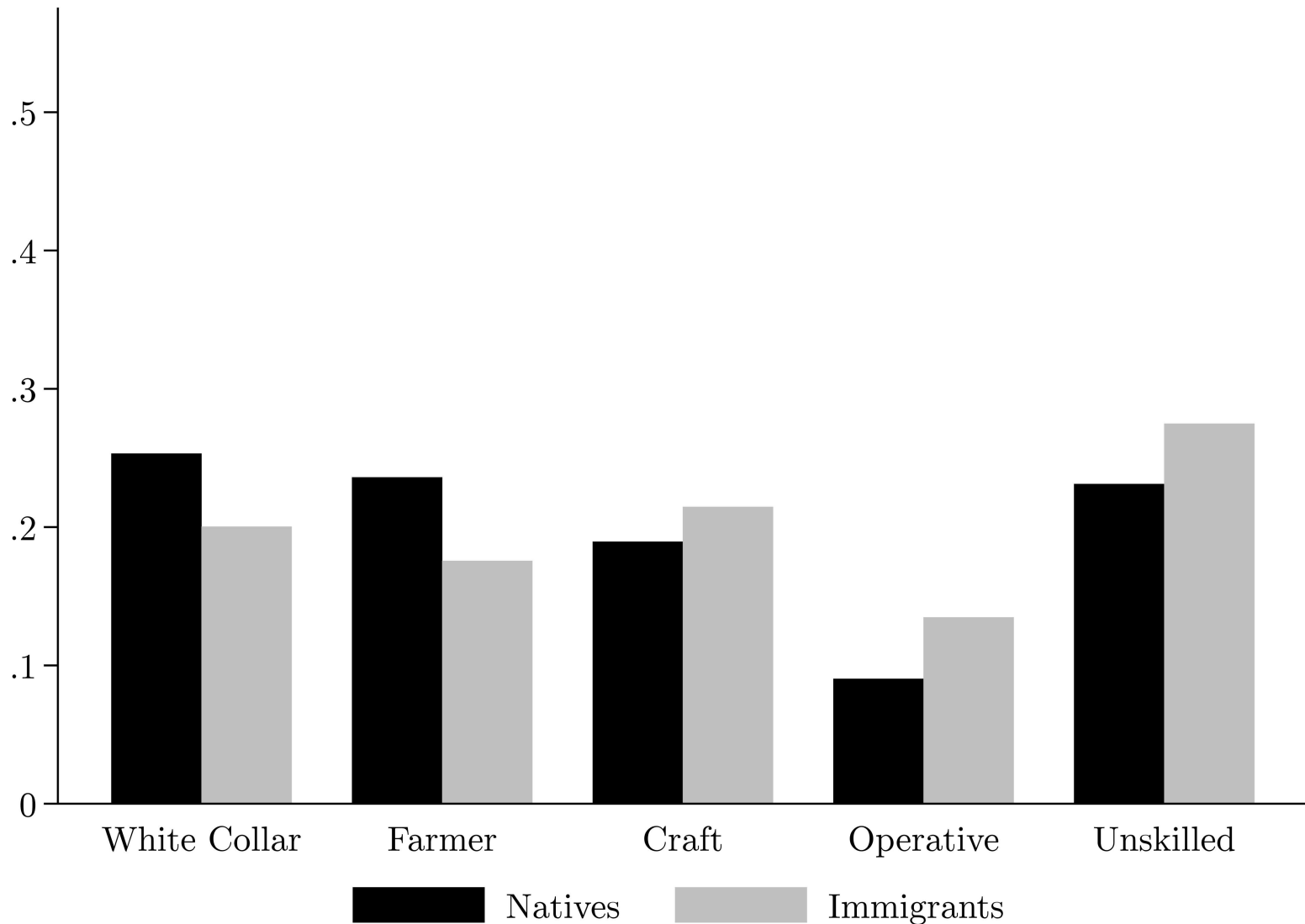
Dep. Var.: County-industry Employment$_{c,i}$ (various years)

	(1)	(2)	(3)	(4)	(5)	(6)
Year:	1860	1870	1880	1910	1920	1930
Immigrant specialization	0.017***	0.017***	0.063***	0.148***	0.163***	0.172***
	(0.004)	(0.005)	(0.006)	(0.008)	(0.009)	(0.009)
County-industry Employment (1850)	0.710***	0.670***	0.580***	0.291***	0.254***	0.191***
	(0.005)	(0.005)	(0.006)	(0.006)	(0.006)	(0.006)
R^2	0.877	0.845	0.821	0.733	0.719	0.735
R^2 (within)	0.521	0.386	0.257	0.048	0.035	0.024

- ## Association not just 1910, builds over time

Dep. Var.: Owners/ Managers By County-industry, Year In Table Header

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Full Sample				*Frontier Sample*		
Year Dep. Var.	1850	1860	1880	1910	1850	1860	1880	1910
Immigrant Specialization (1850)	0.008***	-0.002	0.015***	0.030***	-0.006***	0.000	0.013***	0.047***
	(0.002)	(0.001)	(0.002)	(0.003)	(0.001)	(0.002)	(0.004)	(0.005)
Owners & Managers (1850)		0.552***	0.489***	0.217***		0.380***	0.325***	0.056***
		(0.009)	(0.008)	(0.009)		(0.018)	(0.021)	(0.017)
R^2	0.430	0.553	0.641	0.631	0.242	0.355	0.576	0.622
Observations	103905	103905	103905	103905	44001	44001	44001	44001

- Not only are their more establishments, but they are owned/manged by people from the relevant county

- Were these people in the US in 1850? What were they doing?

County Boundaries: A Primer
Notes from the Economic History Community

- US county boundaries change *a lot* over time

- Choices about how to treat these units are *not* neutral: your choice of aggregation can and often will change your results!

- This is another thing you should - and **we should be asking people** to - show robustness to

County Boundaries: A Primer
Notes from the Economic History Community

- Two bad practices I see often:

  - Ignoring that things changed and creating a panel over time using fips codes

  - Putting things in 2010 (or 2000 or soon 2020) terms because no reason (it happens to be roughly now)

    This is related to the end year problem in persistence studies

  Don't do these things. Tell people not to do these things.

County Boundaries: Suggested Best Practices

- Show robustness to several different choices!

- The fewer changes you make the better

- When harmonizing over time, it is better to go **backward** than forward

  - Dividing counties assumes even distributions of economic activity. (I've been told that geographical concentration is important.)

  - Aggregating too much can also be a problem (that's where robustness comes in)

- Sometimes you need to use areas of the country that were not part of the county when your time series begins. Suggestion: Use the earliest acceptable year. Think about how important North Dakota and Oklahoma really are to what you are studying.

County Boundaries: Suggested Best Practices

- Test a few groups: counties that don't change boundaries, counties that you merely need to do aggregation to recover, and full Hornbeck (2010) style change (to more than one year if needed)

  - Suggested for this paper: 1850-1910 span for the first two, and 1850 and 1910 for Hornbeck (2010) changes for the main regressions. Might also consider 1880 for "not settled in 1850" analysis.

- Crosswalks and code for these overlays backward and forward available on my website (cira 2015)
  http://elisabethperlman.net/code.html

- Virginia is the worst