

Accepted Manuscript

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PII: S0094-1190(17)30068-2
DOI: [10.1016/j.jue.2017.08.001](https://doi.org/10.1016/j.jue.2017.08.001)
Reference: YJUEC 3095

To appear in: *Journal of Urban Economics*

Received date: 18 August 2016
Revised date: 11 August 2017
Accepted date: 16 August 2017

Please cite this article as: Matthew Freedman, Persistence in Industrial Policy Impacts: Evidence from Depression-Era Mississippi, *Journal of Urban Economics* (2017), doi: [10.1016/j.jue.2017.08.001](https://doi.org/10.1016/j.jue.2017.08.001)

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Matthew Freedman*

August 2017

Abstract

This paper studies the effects of a large-scale industrial policy implemented in 1930s Mississippi on contemporaneous and modern-day labor market outcomes. Attracted by unprecedented government incentives under Mississippi's Balance Agriculture with Industry (BAWI) Program, 13 large manufacturing plants established operations in the state between 1936 and 1940. Using difference-in-differences and synthetic control matching techniques, I find that counties that received these plants experienced an over 15% increase in female labor force participation on average in the short run. Moreover, these effects persisted decades into the future, well after many of the original companies shut down. I also find suggestive evidence of an increase in educational attainment among women in counties where BAWI investment occurred. The results highlight the potential for even transitory government interventions to have long-lived effects on labor markets.

JEL Codes: H25, H71, J21, J78, N92, R11, R58

Keywords: industrial policy, local labor markets, agglomeration economies, social norms, gender inequality, path dependence

*University of California, Irvine (e-mail: matthew.freedman@uci.edu). I would like to thank Andrew Hanson, Jeff Lin, Emily Owens, Michaela Patton, Ilias Pasidis, Matt Turner, Matt Weinberg, and two anonymous referees as well as seminar and conference participants at Drexel University, Georgia State University, Marquette University, Swarthmore College, the University of California-Irvine, the University of Georgia, the University of North Carolina-Charlotte, the Wagner School at New York University, Washington & Lee University, the American Real Estate and Urban Economics Meetings, and the Urban Economics Association Meetings for helpful comments. I would also like to thank Connie Lester and James Robertson for sharing insights on institutional and historical details regarding Mississippi's BAWI Program, and Jillian Murray for excellent research assistance.

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