Today’s Topics

• Essays due soon
• For Wednesday Lindert Reading (SKIP sections on Britain, pages 174-185, 192-195, 200)
• Post War Macroeconomics
• Immigration and Labor After WWII
Post World War II

• Fastest increase in GDP per capita ever
• Decline in number of farms and agriculture in GDP, but rise in farm size
• Decline in manufacturing in GDP
• Rise in service sector (includes burger flippers and Wall Street)
• What was the highest unemployment rate since WWII?

• What was the highest inflation rate since WWII?
<table>
<thead>
<tr>
<th>YEAR</th>
<th>AGRICULTURE</th>
<th>MANUFACTURING, MINING, AND CONSTRUCTION</th>
<th>SERVICES</th>
<th>GOVERNMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>11.3</td>
<td>35.9</td>
<td>40.7</td>
<td>12.1</td>
</tr>
<tr>
<td>1960</td>
<td>9.2</td>
<td>34.3</td>
<td>42.6</td>
<td>14.0</td>
</tr>
<tr>
<td>1970</td>
<td>4.7</td>
<td>31.7</td>
<td>46.7</td>
<td>16.9</td>
</tr>
<tr>
<td>1980</td>
<td>3.6</td>
<td>27.4</td>
<td>51.7</td>
<td>17.3</td>
</tr>
<tr>
<td>1990</td>
<td>2.9</td>
<td>22.1</td>
<td>58.8</td>
<td>16.3</td>
</tr>
<tr>
<td>2000</td>
<td>2.4</td>
<td>19.0</td>
<td>63.2</td>
<td>15.3</td>
</tr>
<tr>
<td>2002</td>
<td>2.4</td>
<td>17.8</td>
<td>63.9</td>
<td>15.9</td>
</tr>
</tbody>
</table>

1950s

- Solid economic growth
- Peak of Union membership
- High birth rates
- Cold War and hydrogen bomb
1960s

• General economic prosperity
• The “Great Society”
  – Medicare
  – Foodstamps
  – Expansion of Social Security
• Vietnam War and fiscal stimulus
• Increased government regulation in labor market
1970s

- Stagflation
- Inflation rate over 10%
- Price controls with gasoline shortage
- President Nixon resigns
- Baby Boomers hitting the job market
- Productivity falls
1980s

- Big recession of 1981-82
- Inflation rate fell
- Supply-Side Economics
- Deregulation
- Savings and Loan Disaster
- Large Budget Deficits, military expansion
U.S. Unemployment Rate
1990s

- Great prosperity and Dot.Com boom
- Inflation rate low
- Cold War over, military base closings
- Glass-Steagall repealed 1999
- Long Term Capital Management 1999 (the mini-crisis before 2008?)
2000s

- Wall Street peaks in 2000
- Mild Recession 2001
- Wars in Iraq and Afghanistan
- Housing Boom and Bust
- The Great Recession 2007-9 with lingering unemployment
- Financial Crisis 2008
- Inflation rate very low and even negative
- No gains in the stock market
- The “lost decade?”
Questions about Post WWII macroeconomic history?
2010 Arizona Immigration Law

• State and local police must check immigration status of any suspected illegal aliens
• Person must show federal ID in order to not be jailed
• Can’t hire people from moving trucks
Immigration Review

- Previous immigration booms:
- 1850s, 1890-1920
Post WWII Immigration

• Braceros-Mexican agricultural “guest worker”
  – Started during WWII

• Increase in legal immigration in the 1960s
  – 1965 Act Removed ethnic quotas
Post WWII Immigration

• Immigration today has returned to Pre-WWI levels
• More than 1 million immigrants per year
• Immigrant share of workforce:

<table>
<thead>
<tr>
<th>Year</th>
<th>1979</th>
<th>1988</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7%</td>
<td>10%</td>
<td>15%</td>
</tr>
</tbody>
</table>

• (from Economist)
<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL (in thousands)</th>
<th>RATE (annual per thousand U.S. population)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901-1910</td>
<td>8,795</td>
<td>10.4</td>
</tr>
<tr>
<td>1911-1920</td>
<td>5,736</td>
<td>5.7</td>
</tr>
<tr>
<td>1921-1930</td>
<td>4,107</td>
<td>3.5</td>
</tr>
<tr>
<td>1931-1940</td>
<td>528</td>
<td>0.4</td>
</tr>
<tr>
<td>1941-1950</td>
<td>1,035</td>
<td>0.7</td>
</tr>
<tr>
<td>1951-1960</td>
<td>2,515</td>
<td>1.5</td>
</tr>
<tr>
<td>1961-1970</td>
<td>3,322</td>
<td>1.7</td>
</tr>
<tr>
<td>1971-1980</td>
<td>4,493</td>
<td>2.1</td>
</tr>
<tr>
<td>1981-1990</td>
<td>7,338</td>
<td>3.1</td>
</tr>
<tr>
<td>1991-2000</td>
<td>9,095</td>
<td>3.4</td>
</tr>
<tr>
<td>2000-2007</td>
<td>7,984</td>
<td>3.9</td>
</tr>
<tr>
<td>2008</td>
<td>1,107</td>
<td>3.6</td>
</tr>
<tr>
<td>2009</td>
<td>1,132</td>
<td>3.7</td>
</tr>
<tr>
<td>2010</td>
<td>1,043</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Source: Statistical Abstract of the United States, various years.
Foreign-Born Population and as Percent of Total Population

Source: U.S. Census Bureau, 1850–2000 Decennial Census; 2010 American Community Survey.
Top 10 Countries of Birth

1960

Millions of Foreign-Born Residents

- Italy: 1.3
- Germany: 1.0
- Canada: 1.0
- United Kingdom: 0.8
- Poland: 0.7
- Soviet Union: 0.7
- Mexico: 0.6
- Ireland: 0.3
- Austria: 0.3
- Hungary: 0.2

Source: U.S. Census Bureau, 1960 Decennial Census.
Millions of Foreign-Born Residents

- **Mexico**: 11.7
- **China**: 2.2
- **India**: 1.8
- **Philippines**: 1.8
- **Vietnam**: 1.2
- **El Salvador**: 1.2
- **Cuba**: 1.1
- **Korea**: 1.1
- **Dominican Republic**: 0.9
- **Guatemala**: 0.8

Source: U.S. Census Bureau, 2010 American Community Survey.
2010
About two-thirds of all states had more than 5 percent foreign born

By 2010, the median age of the foreign-born population was 41.4 years.

67 percent of the foreign born resided in the West and South. In 2010, 27 percent of California’s population was foreign born, highest in the nation.

Source: U.S. Census Bureau, 2010 American Community Survey.
Post WWII Immigration

• “New” immigrants from Latin America, Caribbean, and Asia

• Percent of Immigrants from Europe:

<table>
<thead>
<tr>
<th></th>
<th>1960s</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td>37%</td>
<td>7%</td>
<td></td>
</tr>
</tbody>
</table>

• Today’s immigrants tend to either be highly educated or have little education
Visual display of historical immigration

Which countries send a higher portion of immigrants to the U.S.?
## OCCUPATION BY CITIZENSHIP STATUS & RACE

<table>
<thead>
<tr>
<th></th>
<th>Born Citizen</th>
<th>Non-Citizen</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>White</td>
<td>Black</td>
<td>Latino</td>
<td>Europe</td>
<td>Africa</td>
<td>Latin America</td>
</tr>
<tr>
<td>Mgt, Bus, Fin</td>
<td>15.1</td>
<td>9.5</td>
<td>9.9</td>
<td>15.5</td>
<td>10.3</td>
<td>4.2</td>
</tr>
<tr>
<td>Professional</td>
<td>8.4</td>
<td>4.5</td>
<td>5.7</td>
<td>13.2</td>
<td>9.2</td>
<td>2.6</td>
</tr>
<tr>
<td>Health Prac &amp; Tech</td>
<td>5.0</td>
<td>3.7</td>
<td>3.2</td>
<td>3.7</td>
<td>7.1</td>
<td>0.7</td>
</tr>
<tr>
<td>Edu, Training, Library</td>
<td>7.0</td>
<td>5.9</td>
<td>5.8</td>
<td>7.6</td>
<td>5.2</td>
<td>1.7</td>
</tr>
<tr>
<td>Install, Maint, Repair</td>
<td>3.7</td>
<td>2.5</td>
<td>3.4</td>
<td>2.0</td>
<td>2.3</td>
<td>3.4</td>
</tr>
<tr>
<td>Const &amp; Extraction</td>
<td>5.6</td>
<td>3.7</td>
<td>5.8</td>
<td>6.5</td>
<td>1.4</td>
<td>16.9</td>
</tr>
<tr>
<td>Community &amp; Soc Svc</td>
<td>1.5</td>
<td>2.8</td>
<td>1.9</td>
<td>1.0</td>
<td>2.8</td>
<td>0.4</td>
</tr>
<tr>
<td>Protective Svcs</td>
<td>2.0</td>
<td>3.4</td>
<td>2.9</td>
<td>0.6</td>
<td>2.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Offc &amp; Admin</td>
<td>15.9</td>
<td>18.3</td>
<td>19.7</td>
<td>11.7</td>
<td>12.1</td>
<td>7.2</td>
</tr>
<tr>
<td>Production</td>
<td>6.4</td>
<td>8.9</td>
<td>6.7</td>
<td>7.6</td>
<td>6.0</td>
<td>15.8</td>
</tr>
<tr>
<td>Transportation</td>
<td>3.2</td>
<td>4.2</td>
<td>3.1</td>
<td>2.4</td>
<td>6.2</td>
<td>3.1</td>
</tr>
<tr>
<td>Healthcare Support</td>
<td>1.9</td>
<td>4.5</td>
<td>2.9</td>
<td>2.2</td>
<td>7.9</td>
<td>1.4</td>
</tr>
<tr>
<td>Sales</td>
<td>12.5</td>
<td>10.1</td>
<td>13.2</td>
<td>10.8</td>
<td>12.6</td>
<td>7.5</td>
</tr>
<tr>
<td>Bldg &amp; Grounds Maint</td>
<td>3.0</td>
<td>6.5</td>
<td>4.5</td>
<td>5.0</td>
<td>3.9</td>
<td>14.8</td>
</tr>
<tr>
<td>Personal Care &amp; Svc</td>
<td>3.1</td>
<td>4.4</td>
<td>3.8</td>
<td>3.9</td>
<td>5.9</td>
<td>3.2</td>
</tr>
<tr>
<td>Farm, Fish, Forest</td>
<td>0.7</td>
<td>0.4</td>
<td>0.7</td>
<td>0.3</td>
<td>0.1</td>
<td>5.2</td>
</tr>
<tr>
<td>Food Prep &amp; Serving</td>
<td>4.9</td>
<td>6.5</td>
<td>6.6</td>
<td>6.0</td>
<td>4.5</td>
<td>11.4</td>
</tr>
</tbody>
</table>


Note: Occupations ranked by descending median hourly wage. “Mgt, Bus, Fin” aggregates major Standard Occupational Classifications, (SOCs, as defined by the Bureau of Labor Statistics) 11 and 13; “Professional” aggregates 15, 17, 19, 23, and 27; all others are major SOCs.
Illegal Immigration

- 1986 Act tried to reduce *illegal* immigration
  - Gave amnesty to existing illegal immigrants
- Illegal Immigration has risen a lot in recent decades (but hard to measure)
- 11 million estimated in country
- 40 percent live in California
Should we reduce immigration?

• Yes
  – Immigration reduces wages of some domestic workers

• No
  – Nothing benefits a poor person in the world as much as moving to a rich country
  – Prices of goods reduced if immigration lowers costs to business
  – Immigrants provide workers for rising elderly population
Outsourcing

- Part of the production process is completed (outsourced) abroad
- Outsourcing is not new
- Example of friend at Oracle and “insourced”
- Outsourcing similar to immigration, technology, and trade
- WSJ article