Europe and the US: Regional Labor Markets and Internal Migration

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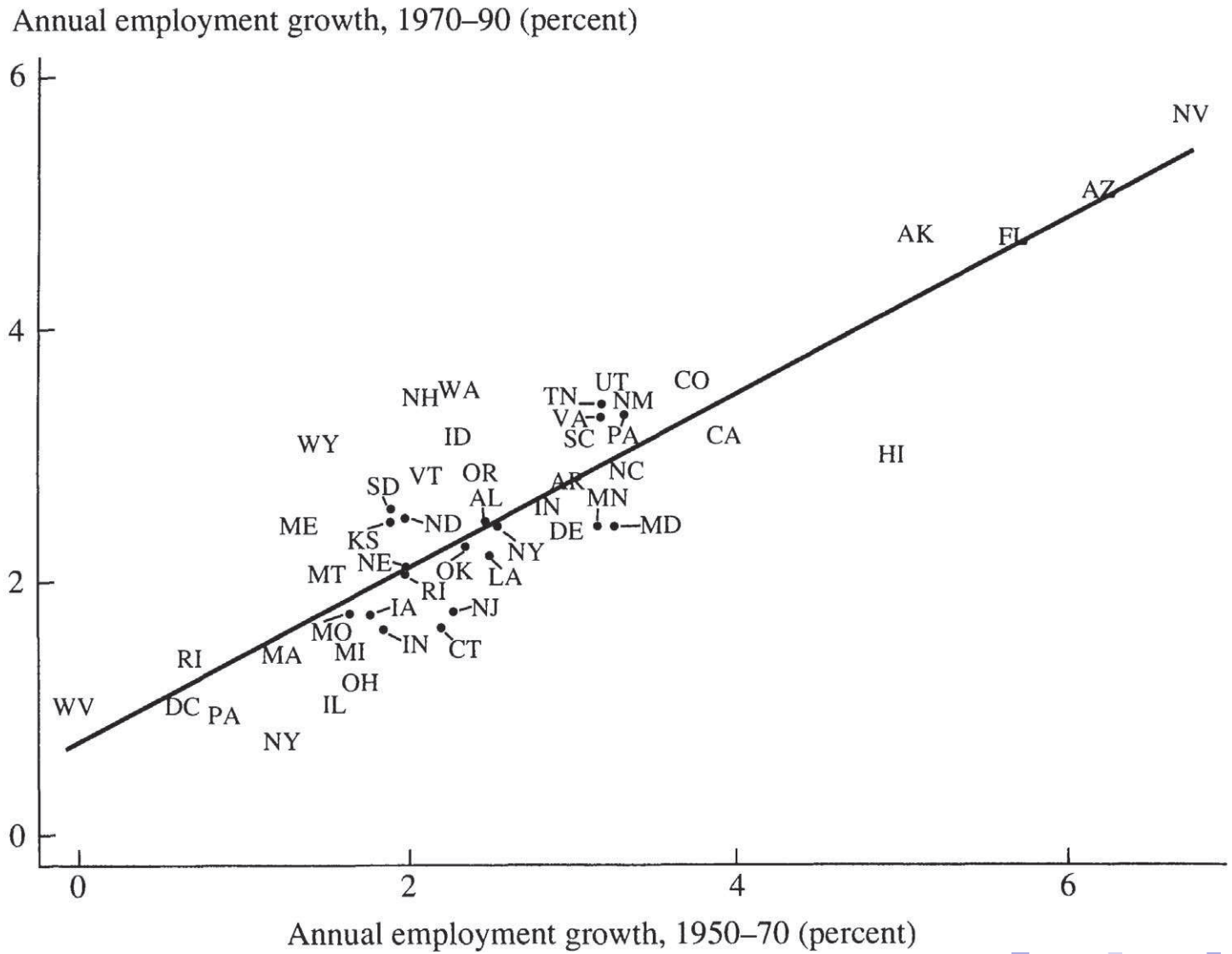
Schedule Change

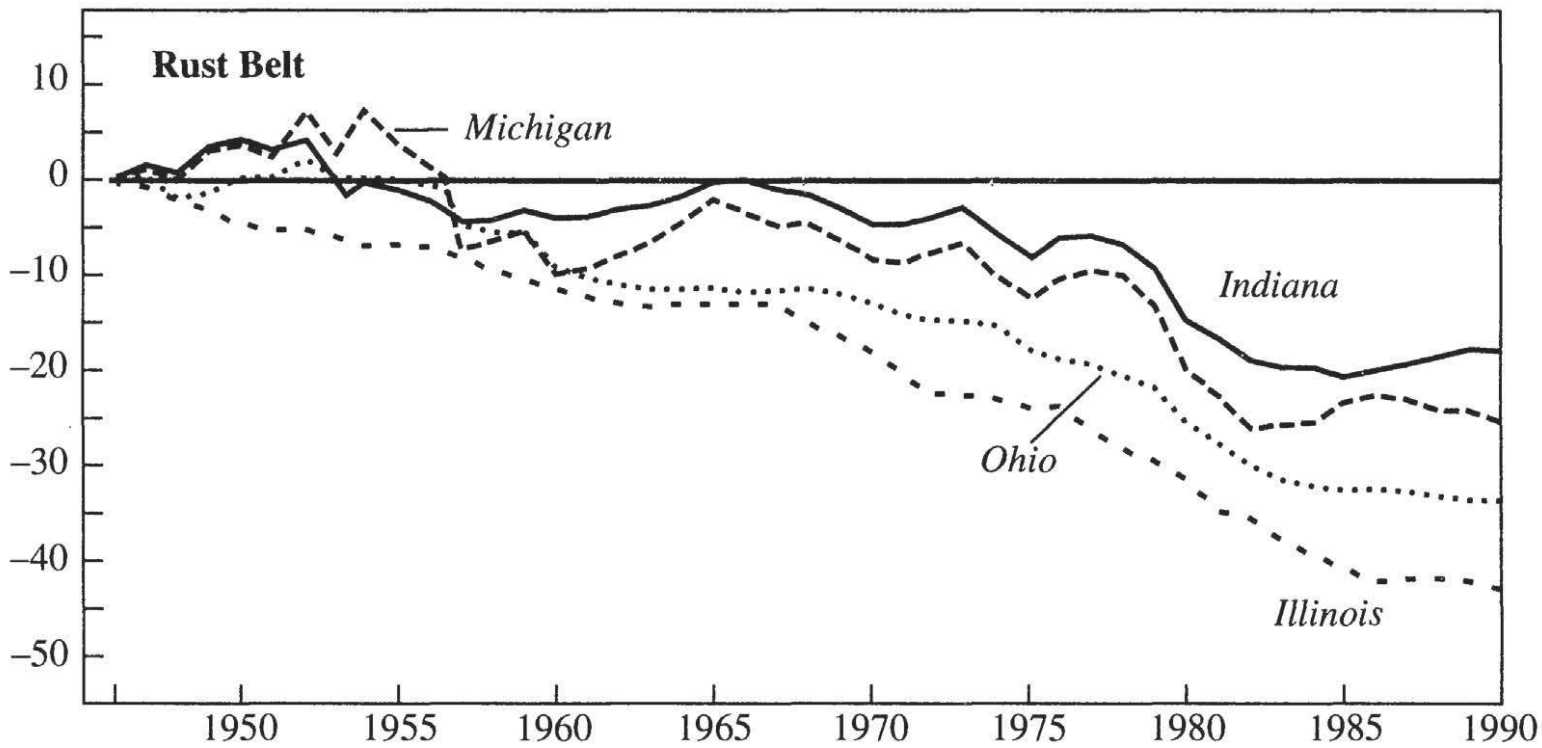
- June 29: Labor Supply
- July 6: Monetary and Fiscal Policy

Persistence of Employment Growth Rates across U.S. States, 1950-90 (Blanchard and Katz, 1992)

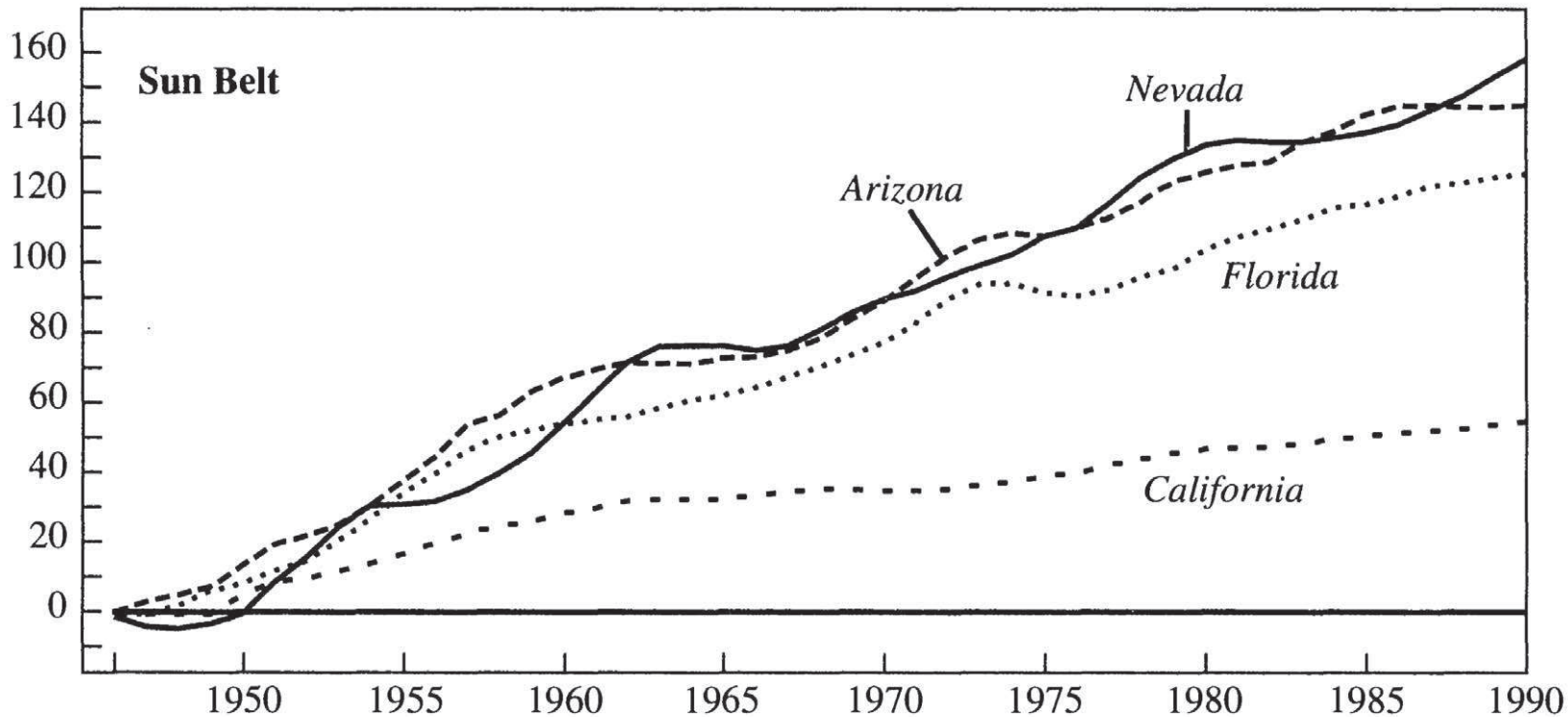
Figure 1. Persistence of Employment Growth Rates across U.S. States, 1950–90



Cumulative Employment Growth, U.S. States Relative to the National Average, 1947-90 (Blanchard and Katz, 1992)

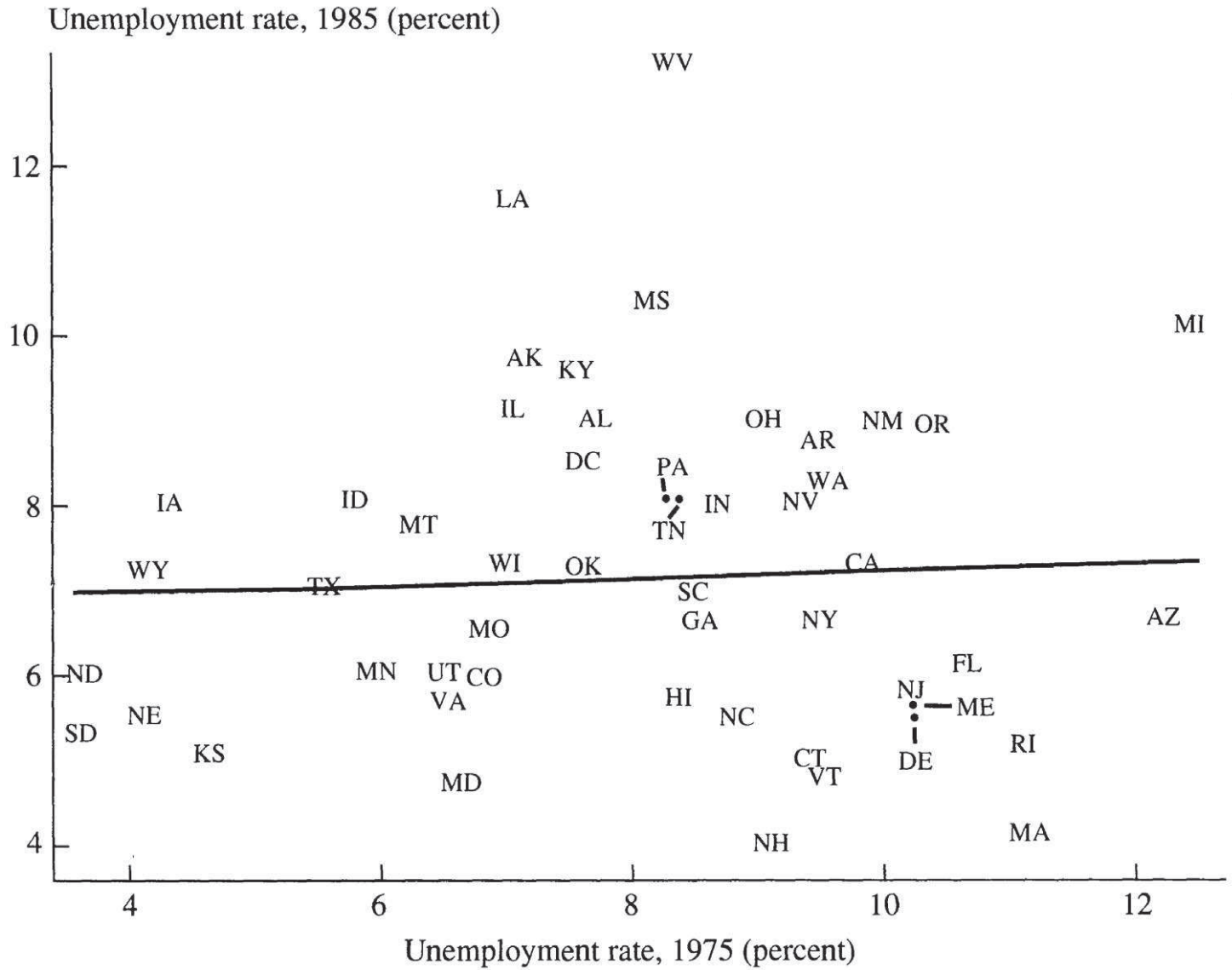


Cumulative Employment Growth, U.S. States Relative to the National Average, 1947-90 (Blanchard and Katz, 1992)



Persistence of Unemployment Rates across U.S. States, 1975-85 (Blanchard and Katz, 1992)

Figure 3. Persistence of Unemployment Rates across U.S. States, 1975–85



Univariate Models of Relative Employment, Unemployment, and Wages (Blanchard and Katz, 1992)

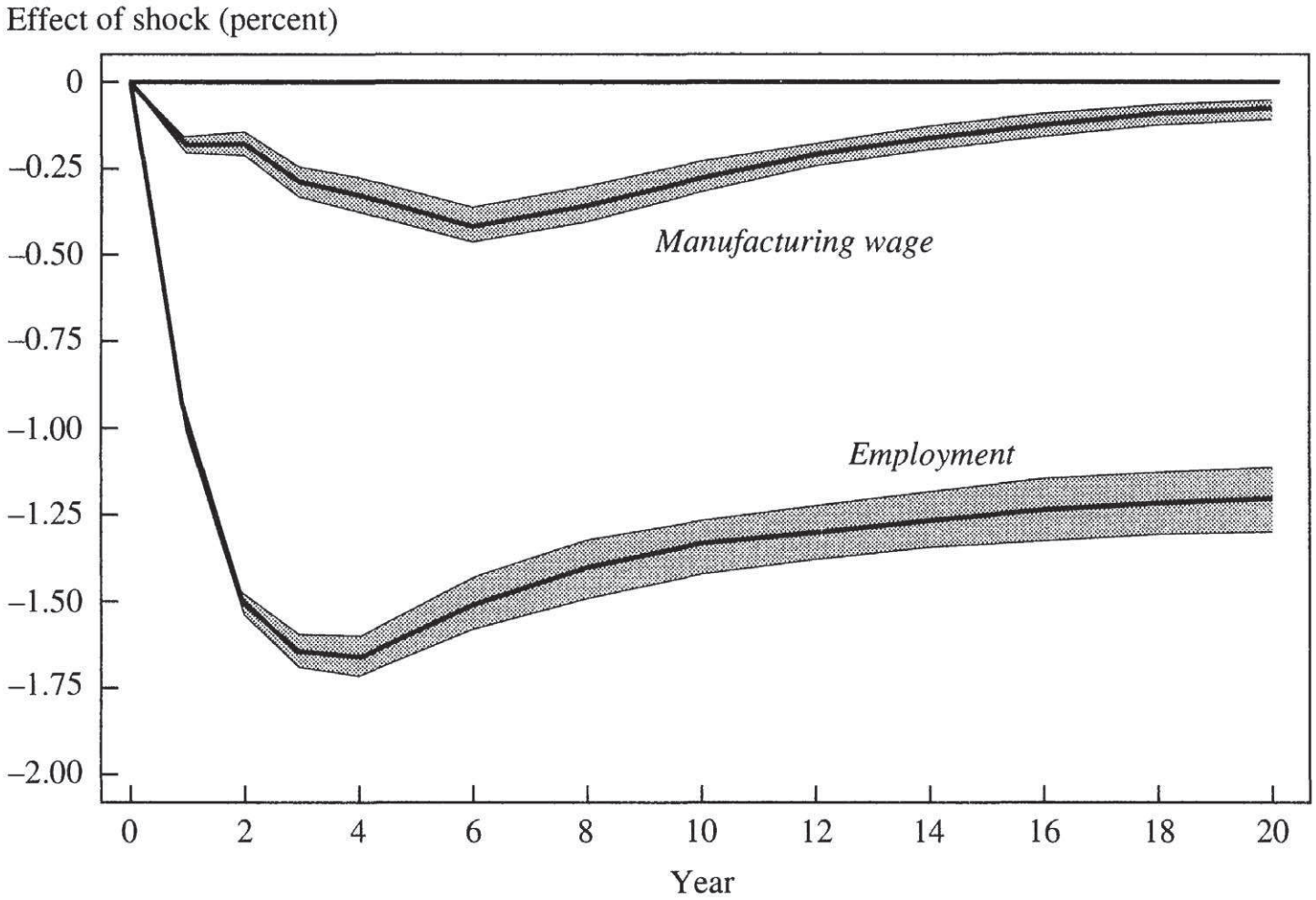
Table 1. Univariate Models of Relative Employment, Unemployment, and Wages

Result	*Log employment change*	*Unemployment rate*	*Log wage*
Regression results			
Coefficient on lagged dependent variable			
One lag	0.492	0.899	1.072
	(0.023)	(0.032)	(0.023)
Two lags	−0.099	−0.159	−0.129
	(0.025)	(0.033)	(0.034)
Three lags	0.010	. . .	0.057
	(0.024)		(0.034)
Four lags	−0.054	. . .	−0.074
	(0.022)		(0.024)
Standard error	0.017	0.083	0.016
Implied impulse responses			
Year 1	1.00	1.00	1.00
Year 2	1.49	0.90	1.07
Year 3	1.63	0.65	1.02
Year 4	1.67	0.44	1.01
Year 5	1.62	0.29	0.94
Year 10	1.52	0.04	0.57
Year 20	1.53	0.01	0.19

Source: Estimates of univariate equations using data described in the appendix. Periods of estimation are 1952–90 for employment and wages and 1972–90 for unemployment. Standard errors of the coefficients are in parentheses.

Response of Employment and Manufacturing Wages to an Employment Shock (Blanchard and Katz, 1992)

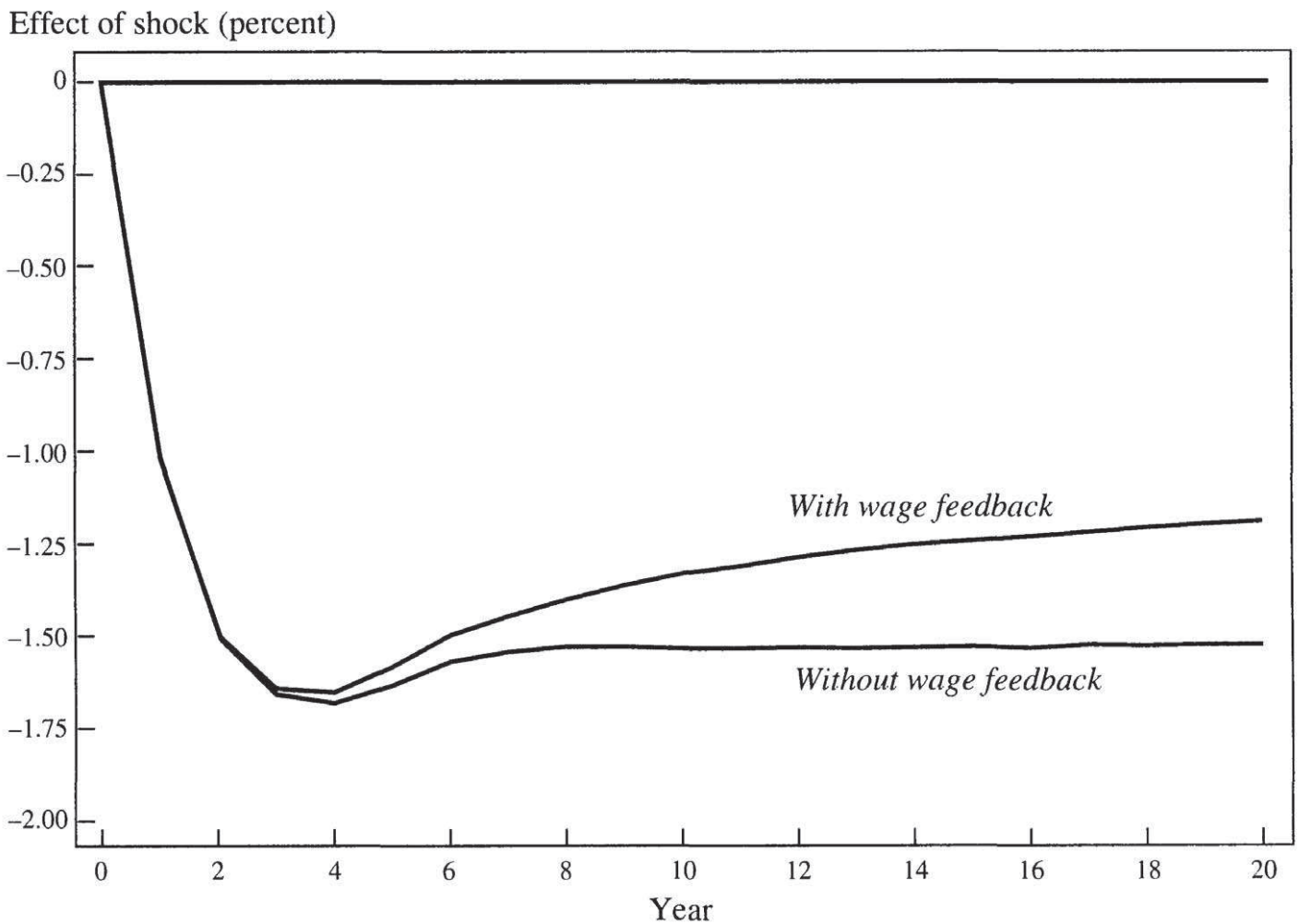
Figure 11. Response of Employment and Manufacturing Wages to an Employment Shock



Source: Authors' calculations using data described in the appendix. The shock is a −1 percent shock to employment. Bands of one standard error are shown around each line.

Response of Employment to an Employment Shock, with and without Wage Feedback (Blanchard and Katz, 1992)

Figure 14. Response of Employment to an Employment Shock, with and without Wage Feedback



Source: Authors' calculations using data described in the appendix. The shock is a −1 percent shock to employment. Bands of one standard error are shown around each line.

Vector Auto-Regression (Blanchard and Katz, 1992)

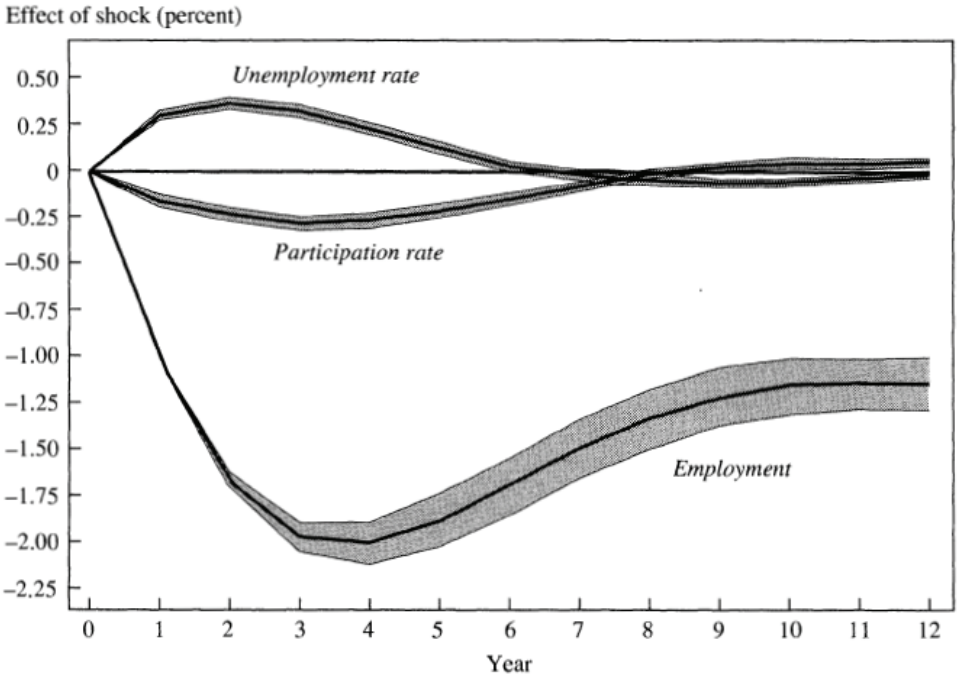
$$\Delta e_{it} = \alpha_{i10} + \alpha_{i11}(L)\,\Delta e_{i,t-1} + \alpha_{i12}(L)\,le_{i,t-1} + \alpha_{i13}(L)\,lp_{i,t-1} + \epsilon_{iet},$$

$$le_{it} = \alpha_{i20} + \alpha_{i21}(L)\,\Delta e_{it} + \alpha_{i22}(L)\,le_{i,t-1} + \alpha_{i23}(L)\,lp_{i,t-1} + \epsilon_{iut},$$

$$lp_{it} = \alpha_{i30} + \alpha_{i31}(L)\,\Delta e_{it} + \alpha_{i32}(L)\,le_{i,t-1} + \alpha_{i33}(L)\,lp_{i,t-1} + \epsilon_{ipt}.$$

Vector Auto-Regression Results (Blanchard and Katz, 1992)

Figure 7. Response of Employment, Unemployment, and Labor Force Participation to an Employment Shock



Source: Authors' calculations based on the system of equations described in the text, using data described in the appendix. All 51 states are used in the estimation. The shock is a −1 percent shock to employment. Bands of one standard error are shown around each line.

Persistence of Employment Growth Rates across Europe (Decressin and Fatas, 1995)

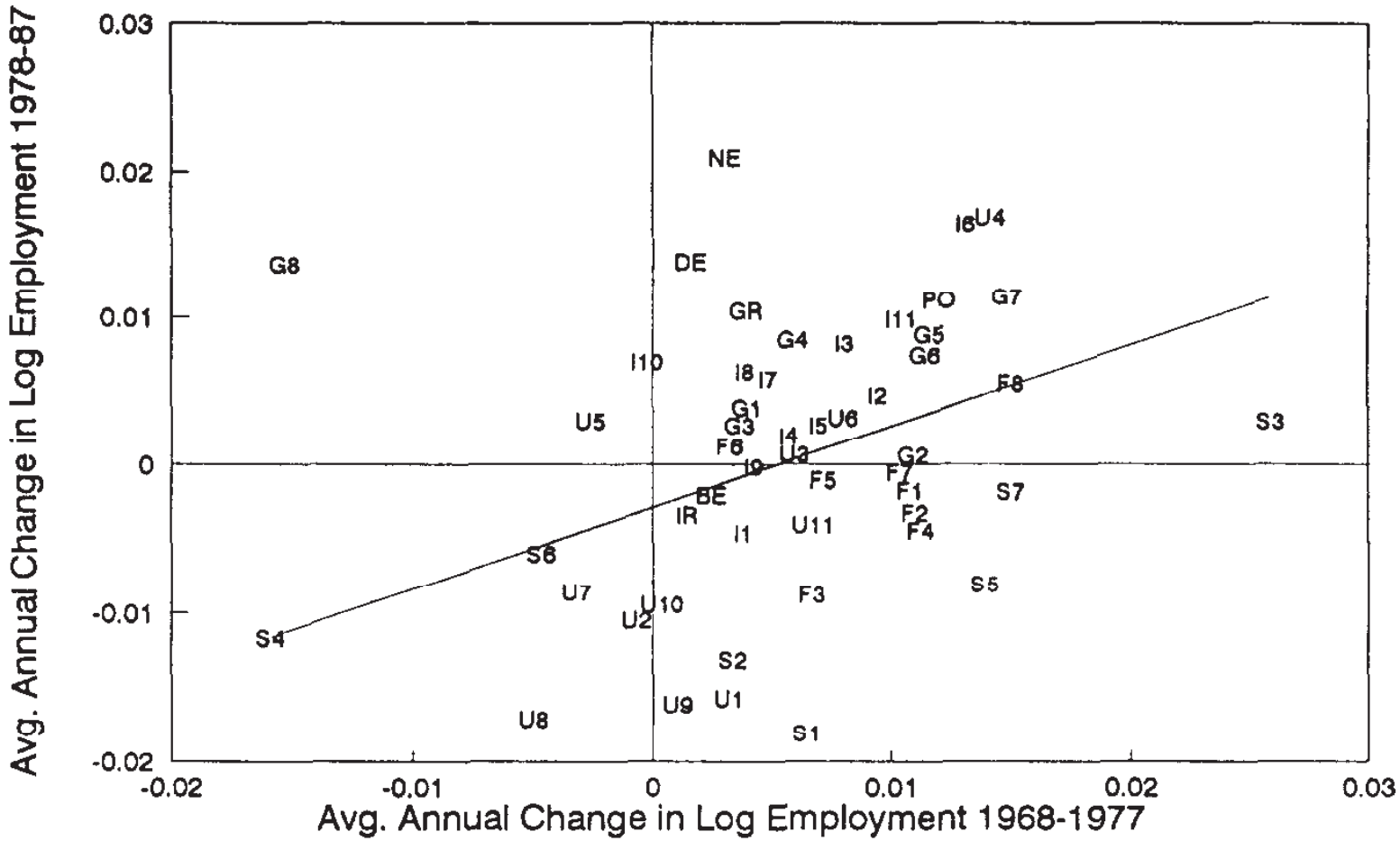


Fig. 2. Regional employment growth rates: Europe.

Persistence of Unemployment Rates across Europe (Decressin and Fatas, 1995)

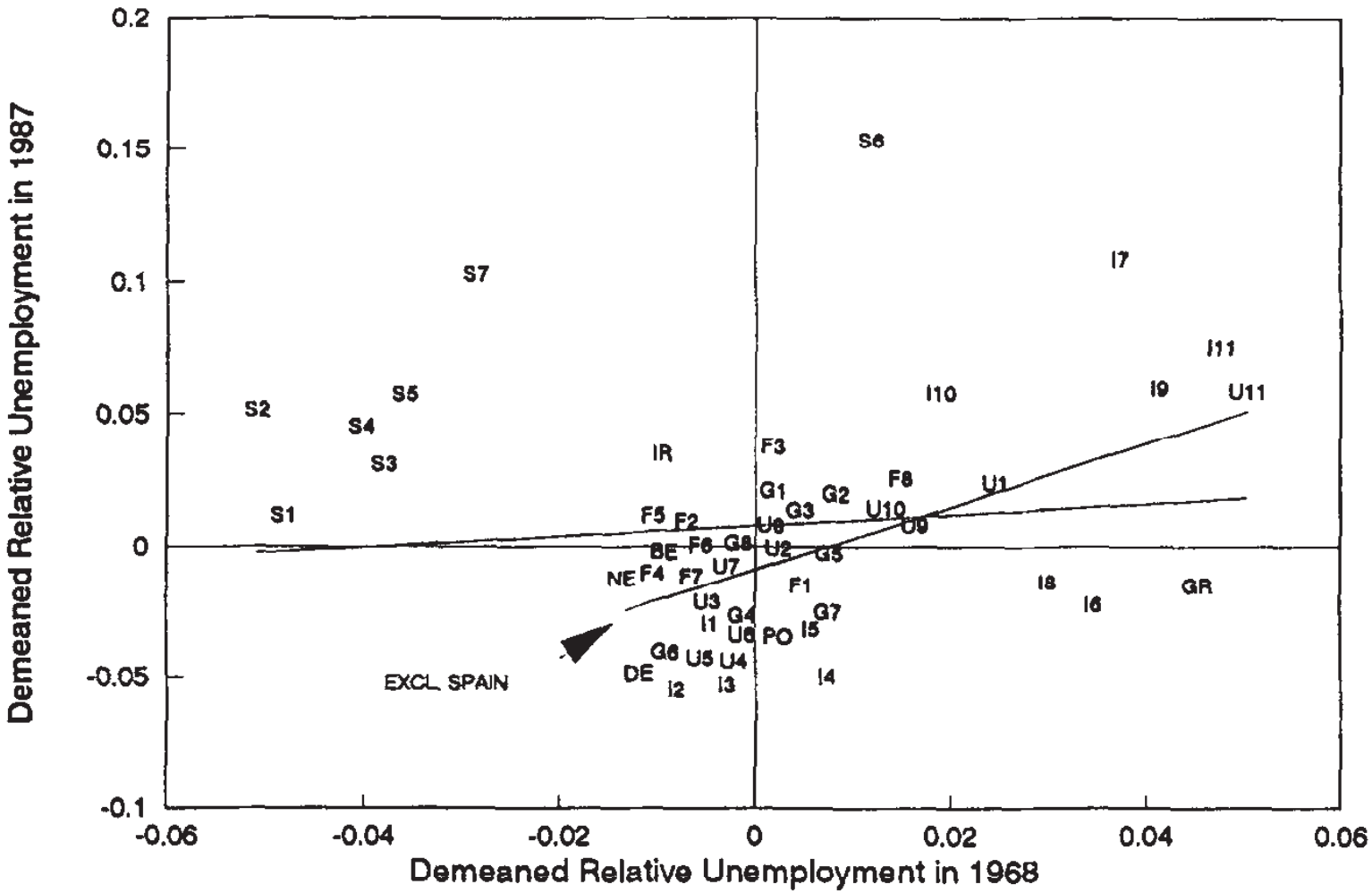


Fig. 7. Demeaned (national means) relative unemployment Rates: Europe.

Response of Relative Unemployment Rates (Decressin and Fatas, 1995)

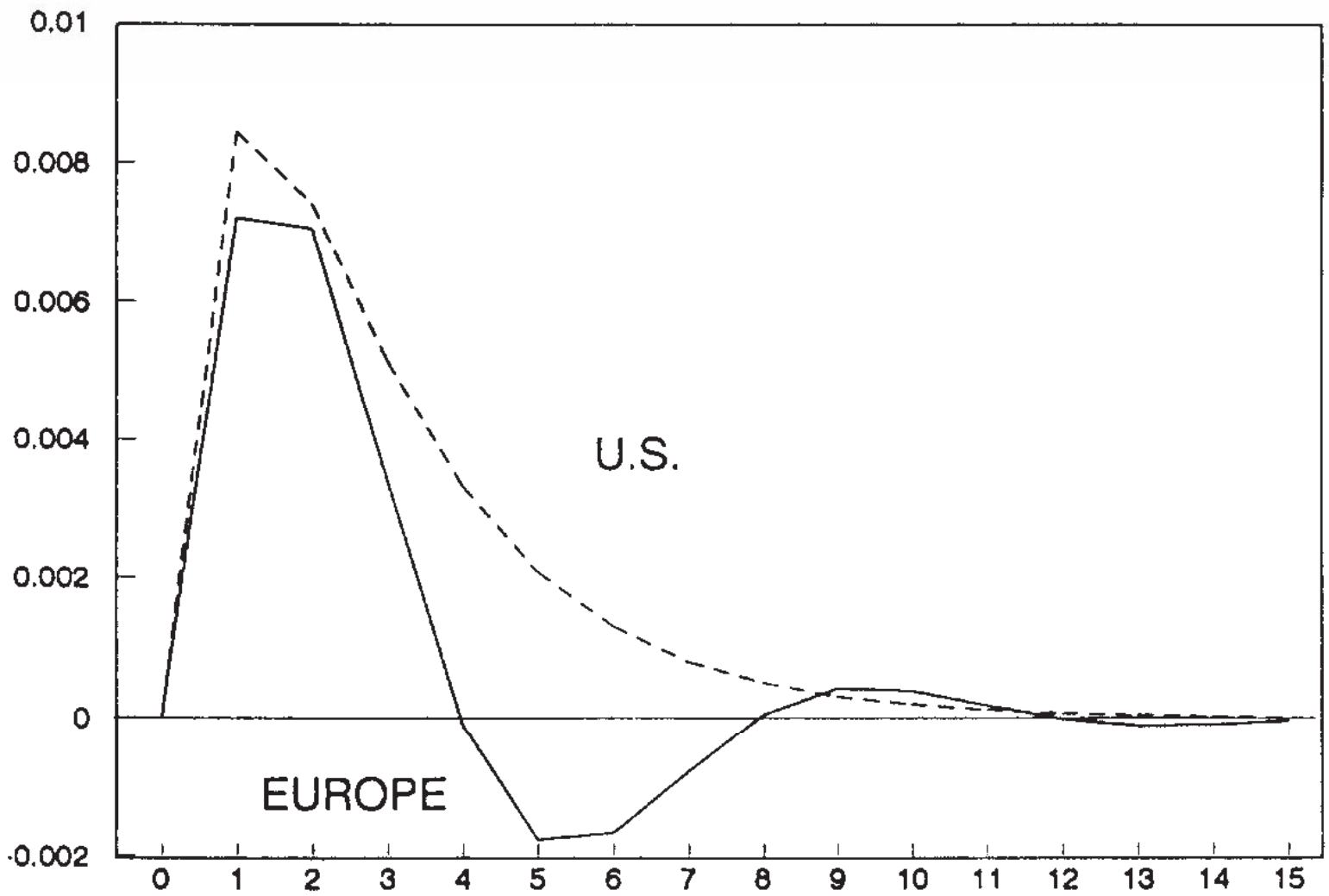


Fig. 8. Response of relative unemployment: Europe and US.

Response of Absolute Unemployment Rates (Decressin and Fatas, 1995)

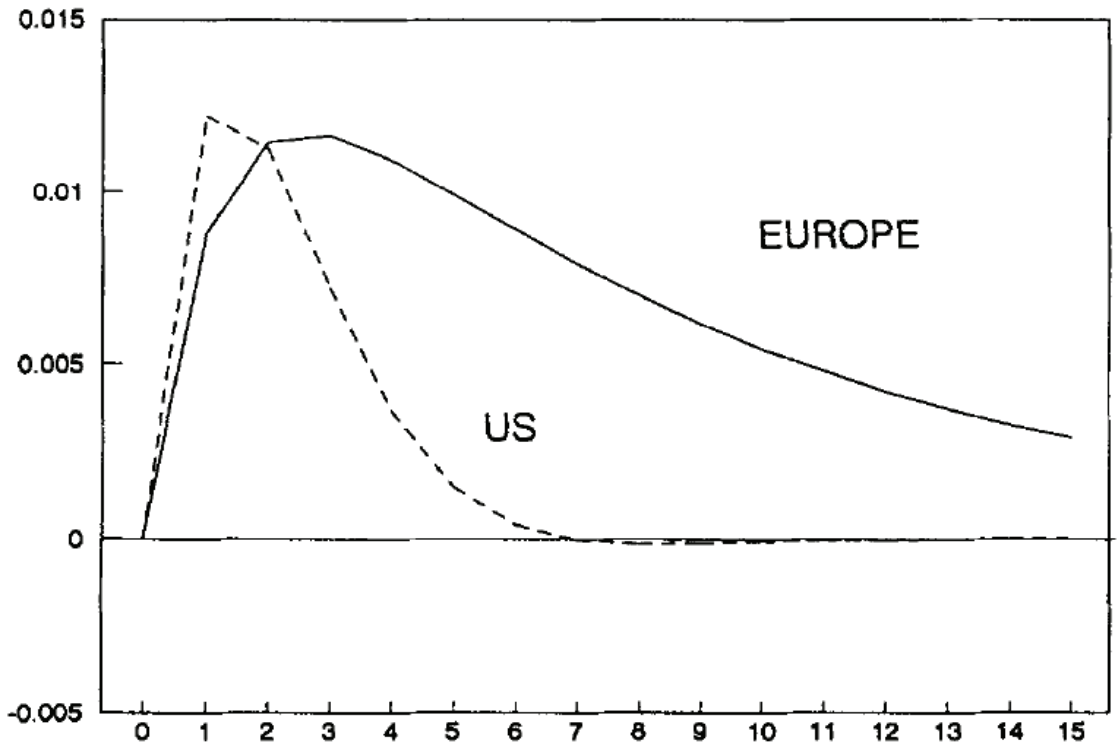


Fig. 9. Response of absolute unemployment: Europe and US.

Source: Decressin and Fatás (1995)

VAR Results (Decressin and Fatas, 1995)

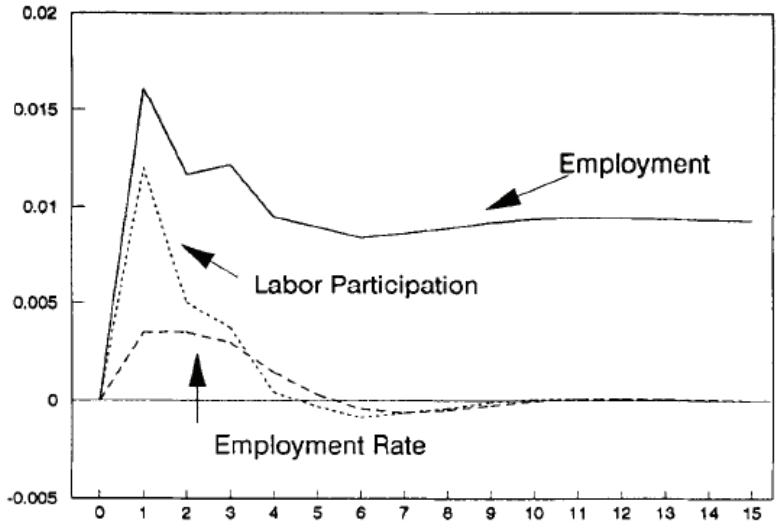


Fig. 10. Responses to labor demand shocks: Europe.

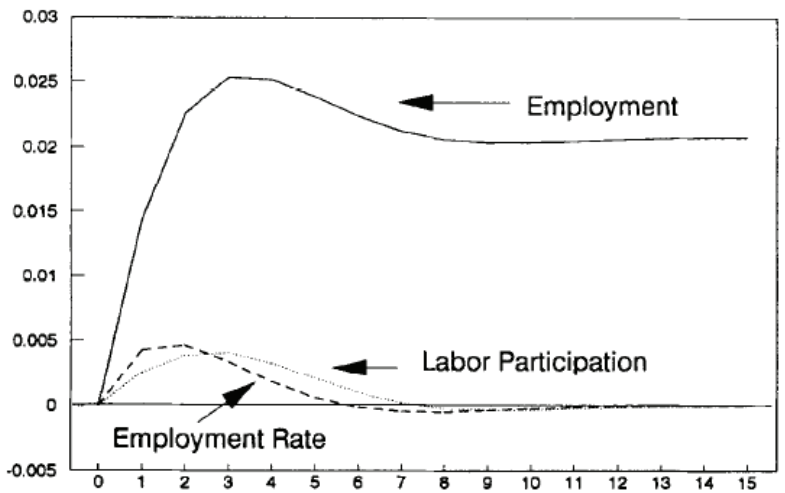


Fig. 11. Responses to labor demand shocks: US.