

The Persistence of Local Joblessness

**joint paper with
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Abstract

Local differences in employment-population ratios across US commuting zones have persisted for many decades. We claim these disparities represent real gaps in economic opportunity for individuals of fixed characteristics. These gaps persist despite a strong migratory response, and we attribute this to high persistence in labor demand shocks. These trends generate a “race” between local employment and population: population always lags behind employment, yielding persistent deviations in employment rates. Methodologically, we argue the employment rate can serve as a sufficient statistic for local well-being; and we model population and employment dynamics using an error correction mechanism, which explicitly allows for disequilibrium.