

## Who Benefits From Growth?

Bartik studied the effects of employment growth on unemployment rates, labor force participation rates, and migration in 89 U.S. metropolitan areas. The principal findings are as follows:

1. Given an increase in 1000 jobs, 77% went to newcomers to the metro area, 7% went to original residents that were previously unemployed, and 16% went to original residents that had not previously been in the labor market.
2. If the city's labor force is just as qualified for the new jobs as potential in-migrants, the original residents will get about 25% of the new jobs; in-migrants will get about 75%.
3. If the city's labor force is less qualified for the new jobs than potential in-migrants, even more of the new jobs will go to newcomers to the metro area.
4. Growth of total employment raises real per capita income through more rapid promotion to higher paying jobs.
5. City income grows as result of employment growth by raising the employment rate (fraction of the city's population that have jobs.)
6. The elasticity of real per capita income with respect to total employment is 0.40, i.e.  $\% \text{ change Real Per Capita Income} / \% \text{ change Total Employment} = 0.40$
7. The elasticity is higher for households that are less well educated, young, or non-white since these groups obtain relatively large income growth from promotion to higher paying jobs.