

Local Employment Growth and Cultural Diversity: A Dynamic Panel Approach

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Abstract

In this paper we study the dynamics of local employment growth in West Germany from 1987 to 2001. Using dynamic panel techniques, we analyse the timing of the impact of diversity and specialisation, as well as of the human capital structure of local industries. The main focus of the paper, however, is the analysis of the effects of cultural diversity on employment growth. The background of this analysis is recent work of Ottaviano & Peri and others, who concentrate on the economic costs and benefits of cultural diversity related to immigration.

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