

**Small Establishments/Big Effects:
Agglomeration, Industrial Organization and Entrepreneurship**

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Abstract

This paper considers the relationship between local industrial organization and agglomeration economies. The paper begins by presenting a model of agglomeration, industrial organization, and entrepreneurship. The model's key prediction is the existence of a virtuous circle of urban entrepreneurship: the presence of small establishments produces an environment conducive to growth, in particular entrepreneurial growth. The paper investigates this prediction empirically, showing that additional activity at smaller establishments is associated with a larger amount of entrepreneurial activity.

There is more than one way to make the same shoe or dress or toy. One is the way of the New York Metropolitan Region's producers: to accept the handicaps of high labor costs, traffic congestion, urban rents, and urban taxes, while exploiting the advantages of speed, flexibility, and external economies. The other is to shed the New York-type handicaps while accepting the disadvantages of remoteness and inflexibility in a larger and more self-contained plant.

-Raymond Vernon (1960, p. 75)

Large firms...are much more fully integrated and therefore depend less on outside suppliers. On the one hand, this means that, dollar for dollar, their business is less of a stimulus to the creation of a community of independent suppliers. On the other hand, the new entrant is not likely to find that the company is anxious to spread its fixed costs by making its services available to outsiders.

-Benjamin Chinitz (1961, p. 288)

I. Introduction

There is a long history of research on the relationship between agglomeration and productivity. See Rosenthal and Strange (2004) for a review. There is also a long history of urban thinking that has considered the role of the organization of production into firms in the generation of increasing returns. Notable contributions include Vernon (1960) and Chinitz (1961) – as quoted above – and also Jacobs (1969), Piore and Sabel (1984), and Saxenian (1994). In particular, there has been much attention paid to the role of small establishments in the agglomeration-productivity relationship. This paper will present a model of the organization-agglomeration relationship and will carry out econometric analysis based on the theory. It will thus consider the relationship between the corporate organization of production (into establishments) and the spatial organization of production (into cities).

Our model will build on a relatively sparse theoretical literature on organizations and agglomeration. Ota and Fujita (1993) is a salient contribution. It builds on the classic models of interaction and urban structure in Fujita and Ogawa (1980) and Ogawa and Fujita (1982). The model includes three sorts of land use: producers' "front office" activities, producers' "back office" activities, and residential land use by workers. Communication costs determine whether a firm's front office and back office are separated in space. For low enough communication costs, the equilibrium involves a central business district (CBD) made up of front offices, with back offices at the periphery. This is exactly in the spirit of the quote from Vernon (1960) presented above. Front office activities benefit from

the flexibility made possible by agglomeration, while back office activities are more routine and so better able to operate in a self-contained fashion.

Several recent papers have followed up this line of research. Duranton and Puga (2005) present a model of the spatial disintegration into management and production units in a system of cities, rather than taking the within-city approach of Ota and Fujita. The key comparative static is that decreases in communication costs between managers and production workers allow spatial disintegration, with cities specializing in management or production rather than in a particular industry. Rossi-Hansberg et al (2005) explain the intra-city spatial disintegration of firms into management and production units as a consequence of city growth. Helsley and Strange (2006) present a model of vertical disintegration and market thickness. The key result is that agglomeration can reduce opportunism, resulting in the more efficient organization of production. These papers focus primarily the impact of urban fixed factors on corporate organization, rather than on impact of small firms on entrepreneurship.

In this paper, we will present a simple dynamic model of urban entrepreneurship where small establishment activity plays a crucial role. The model will build on the parallel between agglomeration and local public goods discussed in Arnott (1979) and Helsley and Strange (1994, 1997). This is one of many ways that one might model the benefits of agglomeration. Its advantage for our purposes is its transparency. At any point in time, there are two types of establishment in a city, large and small. The agglomeration is supported by a local public good, whose level is chosen by a welfare maximizing government. Small establishments are less self-sufficient than are large establishments. This is captured by supposing that they derive more benefit from their local environments (agglomeration). This, in turn, means that the level of the local public good will depend on the shares of small and large establishments in the population. The dynamics of the model are straightforward: there are more births when the local environment is more favorable to small establishments. The model is meant to be a formalization of the analysis of Vernon, Chinitz, Jacobs, Piore and Sabel, Saxenian and others. The key outcome is that there is a kind of virtuous circle in urban entrepreneurship, where small establishments create a situation that is favorable to the entrepreneurial creation of more small establishments.

Our empirical analysis will focus on the impact of small establishments nearby on entrepreneurship. We make use of data from Dun and Bradstreet (D& B) Marketplace, from data from the first quarter of 2007 and the fourth quarter of 2005. To characterize a census tract's local environment, we geocode the data in several ways. First, we convert zip code data into Census tracts to allow us to make use of Census demographic data. These data allow us to include controls for local socio-economic characteristics. Next, we compute the levels of activity within 1 and 5 miles of the centroid of a given census tract, both total employment and for employment individual two-digit industries. These employment data are disaggregated further by establishment size. Specifically, we break down the employment within a given distance of a census tract into employment at small establishments (10 or fewer employees), medium-sized establishments (11-50 employees), and large establishments. Our basic specification will be as in Rosenthal and Strange (2003). This involves estimating arrivals and new establishment employment models with agglomeration variables that account in a flexible way for the size distribution of establishments at a given location. In addition to the socio-economic controls, the specification includes MSA fixed effects to control for a range of MSA-level characteristics that potentially impact entrepreneurship.

The paper's results are consistent with the Vernon-Chinitz analysis that small establishments have big effects. In the arrivals models, our estimates of the marginal effect of employment at large establishments have the wrong sign, are insignificant, or are substantially smaller than the effects of employment at small and middle-sized establishments. For models based on the environment within 1 mile, the effects are strongest for small establishments. For models based on the environment within 5 miles, the effects are sometimes strongest for small establishments and sometimes for middle sized establishments. The weak effect of employment at large establishments continues to hold in models where new establishment employment is regressed on indicators of local employment. These results on arrivals and new establishment employment hold for models considering overall activity nearby (urbanization) and activity in an establishment's own industry (localization).

These results contribute to the relatively sparse literature on the impact of local industrial organization on entrepreneurial growth. Glaeser et al (1992) include average establishment size in a regression of city-industry-growth on local characteristics. This specification imposes the restriction that all industries are affected identically by average establishment size. Rosenthal-Strange (2003) estimate an alternative model. The paper shows that the agglomeration effect is of additional employment is greater for employment at small establishments. This is true even when average size is controlled for.

A larger number of other empirical papers examine related issues. Holmes (1999) shows that there is a greater value of purchased input intensity when the activity in an establishment's own industry within 50 miles is larger. This is consistent with establishments being more involved in the local economy in an industry cluster. Holmes and Stevens (2002) consider firm size directly, looking across the nine Census regions, they find a positive correlation between the location quotient of the location and the size of establishments relative to the industry norm (a different sort of location quotient). This is true whether the correlation is computed for locations or for establishments. It also holds for the ten largest MSAs. It holds as well when the smallest firms in an industry (possibly performing different activities) are excluded, although measures of industry concentration do change when the data are cut this way. Holmes and Stevens (2004) present some further results on this issue, showing that unlike the manufacturing sector, in service industries, small establishments are located disproportionately in agglomerations. In a related vein, Garicano and Hubbard (2003), show that the scope of law firms becomes narrower in markets with substantial legal activity.

The remainder of the paper is organized as follows. Section II sets out a model of entrepreneurship and growth. Section III discusses data and our approach to estimation, as guided by the model. Section IV presents the results of the estimation. Section V concludes.

II. Model

A. Overview

This section sets out a model of agglomeration that generates predictions regarding the impact of local industrial organization on entrepreneurship. There are many ways that one might incorporate agglomeration into such a model. Marshall (1890) emphasizes the three micro-foundations of input sharing, labor market pooling, and knowledge spillovers. Duranton and Puga (2004) argue for a different taxonomy: sharing, matching, and learning. Whatever the source of the agglomeration economy, there are two important features that any model of agglomeration must have. First, there must be a benefit to spatial concentration. Second, there must be circularity, with the benefit arising as a consequence of the actions or characteristics of the firms and households who agglomerate, in turn giving these agents an incentive to concentrate. In our model, we suppose that agglomeration is supported by local public goods available to a city's firms. This is the sharing micro-foundation discussed by Duranton and Puga. Our particular specification will be adapted from Helsley and Strange (1994,1997).

B. Production and establishment size

There are two types of establishment in the model, small and big. Let their numbers be n_s and n_b respectively, with $n_s + n_b = N$ and $\sigma = n_s/N$ denoting the share of small establishments. If it is active, a small establishment's profit is given as:

$$\pi_s = K - c(K)/N - b(N) + \varepsilon. \tag{1}$$

K is the public good, as discussed above. $c(K)$ is the cost of providing the good, assumed to be increasing and strictly convex. The profit function is set under the assumption that the public good is financed with an equal levy among all establishments, both small and large. If we were to instead suppose that the public good were financed with a property tax, then small establishments would have smaller tax shares

than large establishments. Since this would only strengthen the key results below, we have maintained the more transparent equal shares specification. $b(N)$ is an increasing and strictly convex function capturing the congestion costs associated with city size, N . Assuming that large establishments contribute more to urban congestion would again only strengthen our results, so we have adopted the simpler symmetric specification. ε is a firm-specific component of profit.

An active big establishment's profit is given as:

$$\pi_b = \alpha K - c(K)/N - \beta b(N) + \varepsilon. \quad (2)$$

First, we assume that $\alpha < 1$, so big establishments benefit less from their local environments than do small establishments. In general, this is meant to capture a more internal orientation, with big establishments outsourcing less than their smaller neighbors, as in Vernon (1960) and Chinitz (1961). Second, we suppose that $\beta > 1$, so big establishments incur greater congestion costs than do small establishments. This reflects, among other things, greater demand for land and labor by big establishments.

As discussed above, there are many other approaches that we could have taken in modeling the differences between small and large establishments in their attachment to the local economy. See Helsley and Strange (2002) for a matching analysis that emphasizes input sharing, for instance.

C. Local public good provision

We suppose, in the spirit of Henderson (1974), that K is set to maximize the aggregate of small and large establishment profits, equal to $n_s \pi_s + n_b \pi_b = \Pi$. Henderson's case for efficiency on this margin is that in the absence of efficiency, it would be profitable for developers to reallocate resource. Efficiency is thus produced by real estate entrepreneurship. An alternative would be to suppose that K is set according to a hybrid objective depending on both aggregate profits (which could be interpreted as welfare here) and some other function of the level of K . For instance, it may be that local governments

care about both the profits of local businesses and also about their ability to build monuments. This would preserve all of the key results below.

In our setting, K will depend on the populations of small and big establishment according to the following Samuelson condition:

$$n_s + n_b \alpha - c'(K) = 0. \quad (3)$$

We will express the solution for K as $K(N, \sigma)$. $\partial K / \partial N > 0$ and $\partial K / \partial \sigma > 0$ are easy to obtain.

Alternatively, one could also express K as a function of the populations of the two types of establishments, n_s and n_b , with the comparative static results $\partial K / \partial n_s > \partial K / \partial n_b > 0$ also easy to obtain. In either framework, an increase in total activity or in the number or share of small establishments increases the value of the local public good. Under Henderson's (1974) developer provision mechanism, this leads to an increase in the public good level.

D. Entry

We suppose that entry involves the payment of fixed costs F . Before becoming an active, the entrepreneur observes this idiosyncratic component of profit. We suppose that the distribution of ε is given by the probability density function $g(-)$ and cumulative distribution function $G(-)$.

All entrants are initially small establishments, so entry will occur for a given potential entrant if:

$$\pi_s = K - c(K)/N - b(N) + \varepsilon \geq F. \quad (4)$$

The probability of entry for a given potential entrant is given by:

$$\rho = 1 - G(F - [K - c(K)/N - b(N)]). \quad (5)$$

We suppose that potential entrepreneurs arise out of the existing population. This process is discussed by Jacobs (1969) and Carlton (1983). There is considerable recent evidence that this sort of spinoffs process does occur. See, for instance, Sorenson and Audia (2000) and Klepper (2006). Formally, we incorporate this by supposing that the mass of potential entrepreneurs is given by the increasing function $h(N)$. In this setup, the number of births is given by

$$B = h(N) \cdot \rho = h(N) \cdot [1 - G(F - [K - c(K)/N - b(N)])]. \quad (6)$$

Since the focus of our model is births, we will not specify a process by which small entrepreneurial establishments become large. See Klepper (2006) for a discussion of the shakeout process for the automobile industry.

E. Comparative statics

The comparative statics with respect to the share of small establishments are unambiguous:

$$\partial B / \partial \sigma = h(N) \cdot (-g(F - [K - c(K)/N - b(N)])) \cdot (-\partial K / \partial \sigma) \cdot (1 - c'(K)/N) > 0, \quad (7)$$

by (3). More small establishments increases K , which represents an increase in the quality of agglomeration. Since K is set to balance the tastes of both small and big establishments, a marginal increase is good for small establishments, and so increases births.

The comparative statics with respect to N are more complex. Formally, we have

$$\begin{aligned} \partial B / \partial N &= h'(N) \cdot [1 - G(F - [K - c(K)/N - b(N)])] \\ &+ h(N) \cdot (-g(F - [K - c(K)/N - b(N)])) \cdot (-\partial K / \partial N) \cdot (1 - c'(K)/N) \end{aligned}$$

$$+ h(N)*(-g(F-[K - c(K)/N - b(N)])(- \partial K/\partial N)(-c'(K)/N^2 + b'(N)) \quad (8)$$

The first term in (8) is positive, capturing the increase in entrepreneurship arising from the spinoff effects captured by the $h(N)$ function. The second term is also positive. It captures the effect of N on the local public good. For exactly the same reason discussed above – the attraction of small establishments to K – this encourages births. The third term depends on the final expression, which can be rewritten as $N (-c'(K)/N + N b'(N))$. This expression is well-known in local public economics. The first term in parenthesis captures the positive effect on small establishment profit (a negative term, given the rest of the expression) associated with sharing the cost of the public good more broadly. The second term captures the negative effect on small establishment profit associated with congestion. In an optimally sized city, these effects are exactly equal at the margin, and the third term in the $\partial B/\partial N$ expression is zero. This would imply $\partial B/\partial N > 0$. There is nothing in our simple dynamic model, however, that guarantees this. If cities are too small, then we will still have $\partial B/\partial N > 0$. If, as is more common in models of systems of cities, cities are too large, then $\partial B/\partial N$ is ambiguous. To get $\partial B/\partial N < 0$, however, would require that this effect be large enough to outweigh the first two effects.

Alternatively, one can carry out comparative statics in terms of the populations of establishments, n_s and n_b . These will have some of the same ambiguity as the $\partial B/\partial N$ expression discussed above.

Formally, one obtains

$$\begin{aligned} \partial B/\partial n_s &= h'(N)*[1 - G(F-[K - c(K)/N - b(N)])] \\ &+ h(N)*(-g(F-[K - c(K)/N - b(N)])(- \partial K/\partial N)(1-c'(K)/N) \\ &+ h(N)*(-g(F-[K - c(K)/N - b(N)])(- \partial K/\partial N)(-c'(K)/N^2 + b'(N)) \end{aligned} \quad (9)$$

and

$$\begin{aligned}
\partial B/\partial n_b &= h'(N)*[1 - G(F-[K - c(K)/N - b(N)])] \\
&+ h(N)*(-g(F-[K - c(K)/N - b(N)])(-\partial K/\partial N)(1-c'(K)/N) \\
&+ h(N)*(-g(F-[K - c(K)/N - b(N)])(-\partial K/\partial N)(-c'(K)/N^2 + b'(N)).
\end{aligned} \tag{10}$$

It is easy to see that $\partial B/\partial n_s > \partial B/\partial n_b$, so small establishments have a stronger effect on births than do large establishments.

The key prediction of the model is that there exists a virtuous circle of agglomeration and entrepreneurship, where the presence of more small establishments improves the agglomeration and so leads to an increase in births. We will now take this prediction to data on entrepreneurship.

III. Data and Estimation

A. Data

Our data are obtained from two sources. The first is Dun and Bradstreet (D&B). We make use of D & B Marketplace data from the first quarter of 2007 and from the fourth quarter of 2005. We also used data from the 2000 Census.

Our Census data were obtained from the Neighborhood Change database provided by Geolytics Inc. The data allow us to control for census tract-level socioeconomic attributes of the local residential population. These controls include percent population Hispanic, percent population African American, average age of population, percent population male; average income, average income squared, percent of population with high school degree, percent of population with some college, percent of population with college degree or more, unemployment rate, poverty rate, percent of families that are female-headed with children, average age of the housing stock, percent of housing stock that is single family.

Data on establishment births and the distribution of economic activity are taken from Dun & Bradstreet Marketplace file. Information is drawn from the fourth quarter of 2005 and also the first quarter of 2007. The earlier data are used to characterize the economic environment that entrepreneurs

would have taken as given when deciding whether and where to open a new establishment in the 12 months prior to 2007:Q1. Data from 2007:Q1 are used to identify establishments that were created in the 12 months following 2005:Q4. For both quarters, the data provide information on the type of establishment and its activity (using the primary Standard Industrial Classification, SIC), its employment, and its US postal zipcode location.

US Postal Service zipcode boundaries are established “at the convenience of the U.S. Postal Service.”¹ They are based on postal logistics rather than on a geographic or socioeconomic concept of a neighborhood, in contrast to Census block or tract geography. In response, Census has created a boundary file that approximates the geographic region associated with each US Postal zipcode based on the associated year 2000 census blocks found in that zipcode. The resulting geographic polygons correspond to an agglomeration of block-level geography and provide a close approximation to the US Postal zipcode boundaries. The resulting boundary file is referred to as the zipcode tabulation area (ZCTA) file on the Census website and is available for download from Census. We used this ZCTA file to match the D&B data to census tract geography. This procedure worked for the great majority but not all of the zipcodes in our sample. To further identify the location of the remaining postal zipcodes, we augmented the ZCTA file with a 1999 file available on the US Census website that reports the latitude and longitude of the US Postal zipcodes in the US in 1999. After merging those coordinates into the year 2000 ZCTA file, we were able to geocode all but a very small number of the year 2001 zipcodes obtained from D&B. Using this augmented ZCTA boundary file and also the year 2000 census tract boundary file (available from Census over the web), we calculated the correspondence between ZCTA geographic units and census tracts. Those correspondence weights were used to calculate the number of establishments and employees present in each census tract given the original US postal zipcode-level data from D&B. Having converted all of the employment data to census tract geography allows us to match the D&B data with year-2000 tract-level socioeconomic attributes of the local population.

¹ See <http://www.census.gov/epcd/www/zipstats.html>.

Our objective is to see how the local environment is related to the births of new establishments and the scale at which they operate. Our data allow us to take a geographic approach, rather than assuming that the MSA or county is the level at which agglomeration economies operate. Prior empirical work strongly suggest that agglomeration effects are localized geographically (i.e., Rosenthal and Strange (2003, 2005)). In this work, we will define the environment as comprising the activity that takes place within 1 mile of the geographic centroid of a Census tract. We will also consider the activity that takes place within 5 miles. In order to ensure that our geographic treatment of the data produces a reliable estimate of local activity, we will estimate on a sample of MSAs large enough to contain 250 census tracts, corresponding to a population of roughly one million people.

Our estimation will relate the creation of new establishments to the levels of activity within 1 and 5 miles of the centroid of a given census tract. When measuring existing activity we take into account both total employment and employment in an arriving establishment's own two-digit industry. These employment data are disaggregated further by establishment size. Specifically, we break down the employment within a given distance of a census tract into employment at small establishment (10 or fewer employees), medium-sized establishment (11-50 employees), and large establishment. Newly created establishments are then defined as those created in the last 12 months. This window is wide enough to allow for many new establishments in the data. It is also narrow enough to at least partially mitigate concerns about newly created companies that fail prior to 2007:Q1 and do not appear in the data.

B. Estimation

The model from Section II predicts that an increase in activity at small establishments will have a larger effect on entrepreneurship than will an equivalent increase in activity at large establishments. We will look at two aspects of entrepreneurship, the births of small establishments and the scale at which these new establishments operate.

We begin with a model adapted from Rosenthal and Strange (2003, 2005). Suppose that the price of output is normalized to one. In this case, an establishment generates profit equal to $\pi(y) =$

$a(y)f(x)-c(x)$, where $a(y)$ shifts the production function $f(x)$, y is a vector of local characteristics, the components of which will be clarified below, and x is a vector of factor inputs that cost $c(x)$. Input quantities will be chosen to maximize profits by satisfying the usual first order conditions. Employment (n), for example, is chosen such that $a(y)\partial f(x)/\partial n - \partial c(x)/\partial n = 0$.

Establishment births occur if an establishment can earn positive profits, with all inputs chosen at their profit-maximizing levels. Establishments are heterogeneous in their potential profitability. This is captured by rewriting the profit function as $\pi(y,\varepsilon) = \max_x a(y)f(x)(1 + \varepsilon) - c(x)$. We suppose that ε is independent and identically distributed across establishments according to the cumulative distribution function $\Phi(\varepsilon)$. For any y , there is a critical level $\varepsilon^*(y)$ such that $\pi(y, \varepsilon^*(y)) = 0$ and $\pi(y, \varepsilon) > (<) 0$ as $\varepsilon > (<) \varepsilon^*(y)$. In this case, the probability that an establishment is created is $\Phi(\varepsilon^*(y))$.

We assume that new establishments are opened at locations chosen from among all of the census tracts in the cities that contain them. We also assume that location and employment decisions are made taking the prior economic environment (2005:Q4) as given. Let the vector y_j describe the local characteristics of each tract. Aggregating over establishments in a given tract gives the number of births (B) and total new-establishment employment (N) in industry i and tract j . We express these as follows:

$$B_{ij} = by_{ij} + b_m + b_i + \varepsilon_{b,ij}, \quad (11)$$

$$N_{ij} = ny_{ij} + n_m + n_i + \varepsilon_{n,ij}, \quad (12)$$

where ε_b and ε_n are error terms, b and n are vectors of coefficients, b_m and n_m are MSA fixed effects, and b_i and n_i are industry fixed effects. The b_m and n_m terms capture any characteristics that impact entrepreneurship that are common across all industries in a given metropolitan area. The industry-specific fixed effects capture any attributes that are common to entrepreneurship throughout that industry.

The city and industry fixed effects control for a number of unobserved determinants of entrepreneurship that might vary geographically. For example, Blanchflower and Oswald (2001) report that "latent entrepreneurship," the unfulfilled desire for self-employment, varies substantially across countries. It is reasonable to suspect that it might also vary between cities. Black et al (1996) show the availability of collateral to be an important determinant of new enterprise creation in the UK. The entrepreneur's own housing is shown to be the single most important source of such collateral. Since housing markets in larger cities are different than in smaller cities, this may be another metropolitan-wide effect captured in the model fixed effects. Furthermore, there is a well-documented correlation between entry and failure. See Caves (1998) for a review of this literature. This correlation implies that resources that can be used by new establishments may be more plentiful where there has been activity of a similar sort previously. Carlton (1983) includes this in his concept of the "birth potential" of an area. This is clearly an important issue in estimation where identification is based on inter-city variation in the data. In our case, however, the identification comes from intra-city variation. As long as establishments that fail were free to have chosen any location within their MSAs, this effect will be captured by the fixed effects. This is obviously an important advantage of estimating below the MSA level of geography.

As discussed above, local variation in agglomeration that affects productivity will affect births and employment at the new establishments. Thus, the vector y_{ij} includes variables characterizing the spatial distribution of employment as perceived by industry i in tract j . Specifically, y_{ij} includes the level of employment within and outside of industry i (for $i = 1, \dots, I$) at establishments of various sizes. In addition, y_{ij} also includes the long list of tract level socio-demographic characteristics presented above.

We will estimate (11) and (12) using a Tobit specification to account for the censoring of both kinds of entrepreneurial activity at zero. An alternative would have been to estimate the number of new establishments in a count model, while estimating new establishment employment by Tobit. We chose to estimate both by Tobit in order to treat both aspects of entrepreneurship symmetrically. This raises an econometric issue because noisy estimates of the fixed effects in nonlinear models typically leads to inconsistent estimates of the slope coefficients [e.g. Chamberlain (1980, 1985), Hsiao (1986)]. However,

bias resulting from noisy estimates of fixed effects in nonlinear models tends to go towards zero as the number of observations per fixed effect becomes arbitrarily large. Since our sample is quite large, we always have a very large number of observations per fixed effect. For instance, in the first model presented in Table 2a below, for instance, we have 632,180 observations and 76 fixed effects.²

C. Brief data description.

The data are described in Table 1. The table reports the census tract values for various sorts of activity. In every case, we restrict attention to cities large enough to have 250 census tracts. Table 1a reports establishment and employment counts computed at the 2-Digit level and then aggregated to 1-digit industry groups. The number of observations, therefore, is equal to the number of census tracts covered in the sample multiplied by the number of 2-digit industries. Each observation is a census tract/2-digit industry pair.

The first panel reports arrival data. There are 16,616 new establishments employing 36,256 workers in Manufacturing industries. The number is similar for Wholesale Trade. Not surprisingly, the numbers are larger in FIRE and the portion of Service industries examined. Looking at the bottom of the first panel shows that a particularly large fraction of census tract/2-digit industry pairs experienced positive arrivals for the 1-digit industry groups, Wholesale Trade, FIRE, and Service. There are more zero observations in Manufacturing, but even for this 1-digit grouping there are arrivals in more than one-quarter of the census tract / industry pairs.

The rest of Table 1a breaks down the employment within 1 mile of the centroid of a given census tract into employment in the establishment's own industry (localization) and employment in all industries (urbanization). The data are broken down further into employment at small establishments (less than 10 workers), medium-sized establishments (10-49 workers) and large establishments (50 or more workers). In every instance, there is more employment at large establishments than in any other category.

² Although for most of the industry regressions to follow there are a large number of tracts with zero arrivals of new enterprises (and their associated employment), it should also be noted that for each industry regression, a large fraction of tracts do receive arrivals. This is clear in Table 1 below.

Tables 1b and 1c repeat this exercise for individual 2 digit industries. The pattern just described continues to hold. While there are some tracts that have no arrivals, a large fraction of tracts have positive arrivals. Furthermore, large establishments in aggregate tend to employ larger fractions of neighboring employment than small establishments in aggregate or middle-sized establishments in aggregate.

IV. Empirical results

A. Overview

This section presents the results of our estimation. We estimate two sorts of model. The first considers only urbanization, the total activity nearby. The second considers both total activity and activity in the own industry, localization. In both approaches, we disaggregate by establishment size, breaking down the employment within a given distance of a census tract into employment at small establishments (10 or fewer employees), medium-sized establishments (11-50 employees), and large establishments. Some establishments in the D & B data have missing values for employment. It is natural to suspect that these might be small establishments. This has the potential of biasing our estimates of the effect of a marginal increase of employment at small establishments. To address this, we include in the regressions the number of establishments for which D&B does not report employment.

B. Arrival Models.

Table 2a reports results for 1-digit arrival models. For each industry group, there are two columns, the first reporting the urbanization only model and the second reporting a model with both urbanization and localization. The coefficients measure the effect of adding an additional worker to an establishment of given size. The pattern of coefficients in the urbanization only models is quite clear. The large establishment coefficients either have the wrong sign, are insignificant, or are much smaller than coefficients for smaller establishment sizes. The small establishment coefficient is always significant and is largest for all four industry groups. We are interested here in the impact of industrial

organization on agglomeration economies, so we do not report coefficient estimates for our socio-economic controls. It is worth pointing out, though, that in this model and in all models that follow, the socio-economic variables are highly significant. This is evidenced by the extremely low p-values reported for the various models that we estimate.

A similar pattern emerges in the models estimating both urbanization and localization coefficients. The large establishment urbanization coefficients are as in the urbanization only models: a mix of wrong signs, insignificance, and small magnitudes. The small establishment urbanization coefficients are always largest by at least a factor of two. The only departure from the urbanization-only models is for FIRE, where the small establishment coefficient is large but marginally insignificant. The medium-sized establishment coefficient for FIRE is significant, however, and is much bigger than the large establishment.

The localization coefficients in these models are again consistent with smaller effects for a marginal increase in employment at large establishments. For Wholesale Trade and FIRE, the effects for an increase in own-industry employment at small establishments are larger than at medium or large establishments by a factor of at least two. They are also highly significant. For Manufacturing, the coefficient for large establishment employment has the wrong sign. The largest effect is for employment at medium sized establishments. For Services, there are significant effects for employment at both small and medium sized establishments. Both effects are highly significant, with the latter being roughly fifty percent larger. The large establishment effect has the wrong sign.

The basic pattern is now in place: an increase in employment at a small establishment is associated with a larger increase in entrepreneurial activity than is an increase in employment at large establishments. Put bluntly, the 1960 analysis of Vernon and Chinitz about urban development in general applies in the new century to urban entrepreneurship. There are many issues involved in interpreting these patterns. We will take these up later after reporting the regression results more completely.

Continuing with the results, Tables 2b and 2c presents results for models for a group of 2-digit industries. We report results for manufacturing industries (Apparel (SIC 23), Printing and Publishing

(SIC 27), and Machinery (SIC 35)), wholesaling (Wholesale Trade (SIC 50)), FIRE (Brokers (SIC 62)), and services (Business Services (SIC 73), Legal Services (SIC 81), and Engineering etc. (SIC 87)). The pattern in the urbanization only models is in many important ways very similar to the pattern for the 1-digit estimates reported in Table 2a. In the urbanization only models, in every case the effect of employment at large establishments is either the wrong sign or insignificant or much smaller than the coefficients for small or medium-sized establishments. The same is true for the urbanization and localization models for every industry except Wholesale Trade. In this case, for urbanization, the effect is significant and is largest for employment at large establishments. For localization, although the large establishment coefficient is significant, it is roughly one quarter the size of the quite precisely estimated coefficient for the medium sized establishments. The place where the results of the individual industry models differs most from the industry group models is in the relative importance of employment at small and medium sized establishments. In the group estimates, the effect was nearly always larger for the small establishments. In the individual industry estimates, the results are mixed. It is nearly always true that either the small establishment coefficient or the medium sized establishment effect is bigger than the large establishment effect. However, for roughly half of the industries, it is the medium sized establishment effect that is largest.

C. New establishment employment models.

Table 3 presents results of estimates of new establishment employment specifications. The 1-digit results in Table 3a are very close to the arrivals results in Table 2a. In both urbanization and localization models, the large establishment effects are weak. In every instance, there is a significant effect for small or medium sized establishment employment that is considerably larger than the large establishment effect. Tables 3b and 3c present individual industry results. Again, there is no industry where the results would be inconsistent with the Chinitz-Vernon conclusions or our model's formalization of them. As with the industry group results, sometimes the small establishment effect is dominant, while sometimes the medium-sized establishment effect dominates.

D. 5-mile arrival models.

The results thus far have come from a specification where an establishment's environment is described by the employment in variously sized establishments within 1 mile. Table 4 considers a specification with a somewhat wider geography where the environment is described by the employment within 5 miles. In 1-digit specifications (Table 4a), we continue to estimate large establishment coefficients that are either of the wrong sign or are insignificant or are much smaller than the coefficients for at least one of the small and medium sized establishment coefficients. In this case, in contrast to the results from Table 2a, there is a clear pattern of the effect of employment at medium sized establishments being either larger or at least of comparable magnitude to the effect at small establishments. The individual industry models in Table 4b and 4c are more of the same.

E. Interpretation

These results present a clear pattern. In locations with environments dominated by small and medium sized establishments, there is more entrepreneurial growth. This correlation is consistent with the analysis of Chinitz, Vernon, and others who have stressed the self-reinforcing vigor of an entrepreneurial business climate. The correlation is also consistent with the model presented in Section II.

It is important to reiterate that the identification is based on within-MSA variation in an establishment's local business environment. Any effects that operate at the MSA level are captured by MSA fixed effects. Our findings mean that a greater degree of entrepreneurship occurs in locations within cities that are characterized by greater activity at small and medium sized establishments. Of all the locations in the MSA chosen by an entrepreneur, the activity is greatest in locations that already have much activity at that location. There may, of course, be highly local factors that impact the quality of the business environment within a city.

It is also important to observe that the models have been estimated with controls for a range of tract level socio-economic characteristics that proxy for other characteristics of the local business environment.³ This will control for at least some of the local variation of the business environment within cities. It is worth reiterating that the socio-economic variables are highly significant in every model presented in Tables 2-4.

Despite these approaches to address unobserved heterogeneity in the local business environment, the possibility remains that unmeasured characteristics exist that are responsible for both the prior level of small business activity and also contemporaneous small business activity. However, such a factor must (a) not operate at the MSA level, (b) not be captured by the range of extensive and highly significant socio-economic variables, (c) be associated with the presence of small and medium sized establishments but not large establishments, and (d) be broadly consistent across a range of manufacturing and service sectors and industries.

V. Conclusion

This paper has considered the relationship between local industrial organization and entrepreneurship. We specify a model where agglomeration economies arise from the sharing of a public good. Large establishments benefit less from the public good than do small establishments, a consequence of their more internal orientation. This, in turn, means that a location dominated by large establishments will have lower levels of the public good for any given overall level of employment. In our model, this is a consequence of the assumption that, as per Henderson (1974), cities are created by developers whose control of land leads them to pursue efficient policies. The same result would obtain if the public good were directly produced by the establishments' interactions as in Helsley and Strange

³ As noted above, these controls include census tract racial composition (percent Hispanic, percent African American), average age of population, percent male; average income and its square, percent high school degree, percent with some college, percent with college degree or more, unemployment rate, poverty rate, percent of families that are female-headed with children, average age of the housing stock, percent of housing stock that is single family.

(2006). Either way, one obtains the key result that agglomeration economies will be stronger when a local economy is dominated by small establishments.

To consider this result empirically, we estimate models of the birth of small establishments and the magnitude of their operations. This estimation is carried out at the census tract level, using within-MSA variation in local industrial organization to estimate the models. By estimating at below the MSA level, we are able to employ MSA fixed effects to control for a range of unobserved characteristics that might impact entrepreneurship. In addition, we include a long list of socio-economic controls to further reduce unobserved heterogeneity.

A very clear pattern emerges from this estimation. Additional employment at large establishments has an effect on births and on new establishment employment that is insignificant, of the wrong sign or much smaller than the effects for small or medium establishments. In contrast, for nearly every 1-digit industry group or 2-digit industry that we estimate models for, there are positive and significant effects associated with employment at small and or medium sized establishments. These results are very much in the spirit of the more particular and less econometric analysis of Vernon (1960), Chinitz (1961) and others.

A further implication of this pattern is that the small establishment effect will reinforce other tendencies in the system of cities towards a core-periphery type of outcome. In part, this is because small companies benefit and rely more on shared infrastructure and related agglomeration economies characteristic of central cities (e.g. Holmes (1999)). As a result, those cities with vibrant small business sectors will tend to continue to have vibrant small business sectors. Those without much small business will have difficulty achieving takeoff.

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Table 1a
1-Digit Industry Establishment and Employment Counts
In MSAs with 250 or More Census Tracts

	Manufacturing SIC 20-39	Wholesale Trade SIC 50, 51	FIRE SIC 60-65, 67	Services SIC 73, 80, 81, 86, 87, 89
Arrivals in census tract in the last 12 months for Etab with < 10 workers (2007:Q1)				
Total New Establishments	16,616	18,914	38,836	96,861
Total Workers at New Establishments	36,256	42,928	88,385	179,472
Numcensus tract/ind pairs with > 0 arrivals	149,692	55,998	139,823	158,141
Num census tract/ind pairs with 0 arrivals	488,468	7,818	83,533	33,307
Avg Emp in OWN Industry Within 1 Mile of arriving company's census tract centroid (2005:Q4)				
All Size Estab	309	692	479	1,480
Small-Estab (< 10 workers)	28	178	82	248
Med-Estab (10 to 49 workers)	65	246	107	342
Large-Estab (> 50 workers)	217	268	290	891
Avg Emp in ALL Industries Within 1 Mile of arriving company's census tract centroid (2005:Q4)				
All Size Estab	18,096	18,410	16,243	18,448
Small-Estab (< 10 workers)	2,726	2,838	2,395	2,727
Med-Estab (10 to 49 workers)	3,969	4,076	3,453	3,944
Large-Estab (> 50 workers)	11,401	11,496	10,395	11,777

Table 1b
Selected 2-Digit Industry Establishment and Employment Counts
In MSAs with 250 or More Census Tracts

	Apparel & Other Finished Products Made From Fabrics and Similar Materials SIC 23	Printing, Publishing & Allied Industries SIC 27	Industrial and Commercial Machinery & Computer Equipment SIC 35	Wholesale Trade – Durable Goods SIC 50
Arrivals in census tract in the last 12 months for Etab with < 10 workers (2007:Q1)				
Total New Establishments	1,156	3,973	1,382	12,209
Total Workers at New Establishments	2,294	7,425	3,457	28,320
Number of census tracts with > 0 arrivals	10,663	22,755	11,956	29,592
Number of census tracts with 0 arrivals	21,245	9,153	19,952	2,316
Avg Emp in OWN Industry Within 1 Mile of arriving company's census tract centroid (2005:Q4)				
All Size Estab	1,125	646	126	482
Small-Estab (< 10 workers)	122	47	12	130
Med-Estab (10 to 49 workers)	301	105	33	170
Large-Estab (> 50 workers)	701	495	82	183
Avg Emp in ALL Industries Within 1 Mile of arriving company's census tract centroid (2005:Q4)				
All Size Estab	38,362	20,447	10,745	14,235
Small-Estab (< 10 workers)	5,634	3,057	1,672	2,240
Med-Estab (10 to 49 workers)	8,520	4,419	2,401	3,162
Large-Estab (> 50 workers)	24,207	12,971	6,673	8,833

Table 1c
Selected 2-Digit Industry Establishment and Employment Counts
In MSAs with 250 or More Census Tracts

	Security & Commodity Brokers, Dealers, Exchanges, and Services SIC 62	Business Services SIC 73	Legal Services SIC 81	Engineering, Accounting, Research, Management, and Related Services SIC 87
Arrivals in census tract in the last 12 months for Etab with < 10 workers (2007:Q1)				
Total New Establishments	3,937	46,209	2,403	26,581
Total Workers at New Establishments	9,152	77,833	5,867	49,093
Number of census tracts with > 0 arrivals	21,364	31,687	14,954	30,821
Number of census tracts with 0 arrivals	10,544	221	16,954	1,087
Avg Emp in OWN Industry Within 1 Mile of arriving company's census tract centroid (2005:Q4)				
All Size Estab	1,276	1,646	2,824	1,681
Small-Estab (< 10 workers)	72	271	522	261
Med-Estab (10 to 49 workers)	189	394	606	412
Large-Estab (> 50 workers)	1,015	981	1,695	1,008
Avg Emp in ALL Industries Within 1 Mile of arriving company's census tract centroid (2005:Q4)				
All Size Estab	24,856	16,972	49,321	21,022
Small-Estab (< 10 workers)	3,398	2,545	6,277	3,039
Med-Estab (10 to 49 workers)	5,157	3,665	9,958	4,466
Large-Estab (> 50 workers)	16,301	10,761	33,087	13,516

**Table 2a: Tobit Models for Arrivals (< 12 months old) of Small (< 10 worker) Establishments
By 1-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Manufacturing SIC 20-39		Wholesale Trade SIC 50, 51		FIRE SIC 60-65, 67		Services SIC 73, 80, 81, 86, 87, 89	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-2.078E-04 (4.99)	-2.072E-04 (4.87)	-1.721E-03 (3.96)	-2.963E-04 (1.01)	-5.526E-04 (3.40)	-4.405E-04 (2.64)	-1.805E-03 (3.51)	-1.950E-03 (3.86)
Emp at estab with < 10 workers	1.373E-05 (4.69)	1.420E-05 (4.96)	9.785E-05 (3.34)	3.089E-05 (1.33)	2.608E-05 (2.31)	1.645E-05 (1.52)	1.051E-04 (3.01)	1.093E-04 (3.27)
Emp at estab with 10 to 49 workers	2.340E-06 (2.58)	-1.900E-07 (0.22)	1.113E-05 (1.27)	-2.715E-05 (3.08)	4.780E-06 (1.56)	5.990E-06 (2.14)	5.760E-06 (0.62)	-1.364E-05 (1.58)
Emp at estab with > 50 workers	-4.000E-07 (3.31)	-1.600E-07 (1.36)	-8.200E-07 (0.71)	1.270E-06 (1.58)	9.900E-07 (2.43)	2.600E-07 (0.61)	2.070E-06 (1.56)	2.170E-06 (1.68)
Employment in OWN industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-	7.142E-03 (3.02)	-	-6.861E-02 (4.05)	-	-1.041E-02 (9.58)	-	3.349E-03 (2.53)
Emp at estab with < 10 workers	-	2.450E-05 (0.17)	-	8.419E-04 (4.43)	-	5.602E-04 (6.19)	-	1.888E-04 (4.25)
Emp at estab with 10 to 49 workers	-	1.597E-04 (2.55)	-	3.007E-04 (2.02)	-	-2.365E-05 (0.43)	-	2.710E-04 (9.05)
Emp at estab with > 50 workers	-	-1.208E-05 (2.45)	-	2.232E-04 (3.70)	-	1.839E-05 (3.86)	-	-1.950E-05 (2.60)
2-Digit SIC FE	20	20	2	2	7	7	6	6
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	632,180	632,180	63,218	63,218	221,263	221,263	189,654	189,654
Censored Obs	483,717	483,717	7,701	7,701	82,589	82,589	32,911	32,911
Uncensored Obs	148,463	148,463	55,517	55,517	138,674	138,674	156,743	156,743
Log-L	-137226.94	-136082.47	-55246.96	-54313.11	-140201.70	-139740.90	-255582.22	-254359.05

**Table 2b: Tobit Models for Arrivals (< 12 months old) of Small (< 10 worker) Establishments
By 2-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Apparel & Other Finished Products Made From Fabrics and Similar Materials SIC 23		Printing, Publishing & Allied Industries SIC 27		Industrial and Commercial Machinery & Computer Equipment SIC 35		Wholesale Trade Durable Goods SIC 50	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-5.321E-04 (2.64)	-6.286E-04 (2.53)	-6.233E-04 (2.41)	-7.247E-04 (2.49)	-1.232E-04 (0.97)	2.366E-04 (3.10)	-1.889E-03 (2.86)	1.706E-04 (0.44)
Emp at estab with < 10 workers	4.532E-05 (2.96)	6.287E-05 (3.55)	3.967E-05 (2.23)	2.876E-05 (2.04)	-5.340E-06 (0.61)	-2.447E-05 (4.16)	1.033E-04 (2.28)	2.815E-05 (0.80)
Emp at estab with 10 to 49 workers	6.020E-06 (0.97)	-1.475E-05 (2.61)	1.870E-06 (0.35)	1.617E-05 (3.40)	1.022E-05 (3.78)	7.490E-06 (3.21)	7.340E-06 (0.63)	-6.464E-05 (3.95)
Emp at estab with > 50 workers	-2.970E-06 (3.59)	7.000E-08 (0.12)	9.000E-08 (0.11)	1.000E-06 (0.88)	-2.900E-07 (0.84)	-6.400E-07 (1.98)	1.700E-07 (0.11)	2.400E-06 (1.88)
Employment in OWN industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-	3.313E-02 (1.64)	-	-2.083E-02 (3.14)	-	3.669E-02 (4.94)	-	-1.419E-02 (1.00)
Emp at estab with < 10 workers	-	-2.647E-03 (2.71)	-	1.082E-03 (2.18)	-	2.360E-03 (6.26)	-	1.278E-04 (0.48)
Emp at estab with 10 to 49 workers	-	1.887E-03 (3.86)	-	-2.348E-04 (1.71)	-	7.135E-04 (5.62)	-	9.874E-04 (4.24)
Emp at estab with > 50 workers	-	-4.102E-04 (3.68)	-	-2.108E-05 (2.12)	-	-8.400E-05 (3.03)	-	1.597E-04 (2.64)
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
Censored Obs	21,033	21,033	9,050	9,050	19,740	19,740	2,265	2,265
Uncensored Obs	10,576	10,576	22,559	22,559	11,869	11,869	29,344	29,344
Log-L	-10075.24	-9639.56	-9954.44	-9839.91	-8712.39	-8348.60	-31260.05	-30765.62

**Table 2c: Tobit Models for Arrivals (< 12 months old) of Small (< 10 worker) Establishments
By 2-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Security & Commodity Brokers, Dealers, Exchanges, and Services SIC 62		Business Services SIC 73		Legal Services SIC 81		Engineering, Accounting, Research, Management, and Related Services SIC 87	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-3.605E-04 (3.13)	-5.173E-05 (0.45)	-4.402E-03 (1.86)	-4.591E-03 (1.79)	-2.249E-04 (1.47)	-1.073E-03 (6.25)	-2.683E-03 (1.89)	-2.683E-03 (2.08)
Emp at estab with < 10 workers	4.370E-06 (0.51)	-1.324E-05 (1.49)	2.264E-04 (1.41)	1.992E-04 (1.78)	-1.672E-05 (1.36)	5.271E-05 (4.73)	1.076E-04 (1.13)	8.896E-05 (1.73)
Emp at estab with 10 to 49 workers	1.264E-05 (3.45)	1.102E-05 (2.93)	3.950E-05 (0.94)	1.488E-04 (5.05)	2.284E-05 (4.23)	-1.063E-05 (1.97)	4.445E-05 (1.75)	8.783E-05 (2.13)
Emp at estab with > 50 workers	1.160E-06 (2.64)	-5.300E-07 (1.44)	2.980E-06 (0.50)	3.160E-06 (0.41)	1.290E-06 (1.59)	1.230E-06 (1.22)	2.830E-06 (0.73)	6.810E-06 (1.54)
Employment in OWN industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-	4.378E-02 (3.69)	-	-1.585E-01 (2.31)	-	-4.238E-02 (2.40)	-	-6.256E-02 (1.88)
Emp at estab with < 10 workers	-	9.646E-04 (1.64)	-	-2.469E-04 (0.43)	-	6.249E-04 (3.98)	-	-2.009E-04 (0.46)
Emp at estab with 10 to 49 workers	-	-3.753E-04 (1.79)	-	6.067E-04 (2.25)	-	3.180E-04 (1.82)	-	2.129E-04 (0.75)
Emp at estab with > 50 workers	-	-2.894E-05 (2.43)	-	2.229E-05 (0.53)	-	-5.592E-05 (3.22)	-	-4.525E-05 (2.06)
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
Censored Obs	10,411	10,411	210	210	16,803	16,803	1,063	1,063
Uncensored Obs	21,198	21,198	31,399	31,399	14,806	14,806	30,546	30,546
Log-L	-11801.40	-11624.37	-63979.41	-63870.71	-14792.05	-13645.92	-49187.51	-49140.04

**Table 3a: Tobit Models for EMPLOYMENT at Arrivals (< 12 months old) of Small (< 10 worker) Establishments
By 1-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Manufacturing SIC 20-39		Wholesale Trade SIC 50, 51		FIRE SIC 60-65, 67		Services SIC 73, 80, 81, 86, 87, 89	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-6.034E-04 (5.34)	-6.069E-04 (5.24)	-4.831E-03 (4.01)	-8.977E-04 (1.09)	-1.336E-03 (3.33)	-9.936E-04 (2.41)	-4.093E-03 (3.83)	-4.417E-03 (4.19)
Emp at estab with < 10 workers	3.444E-05 (4.32)	3.697E-05 (4.71)	2.580E-04 (3.18)	9.837E-05 (1.53)	5.707E-05 (2.05)	3.009E-05 (1.12)	2.146E-04 (2.97)	2.183E-04 (3.15)
Emp at estab with 10 to 49 workers	9.330E-06 (3.65)	1.260E-06 (0.53)	3.905E-05 (1.55)	-8.437E-05 (3.36)	1.496E-05 (1.96)	1.760E-05 (2.50)	2.416E-05 (1.25)	-1.539E-05 (0.86)
Emp at estab with > 50 workers	-1.130E-06 (3.34)	-3.900E-07 (1.20)	-2.120E-06 (0.63)	4.180E-06 (1.75)	2.710E-06 (2.64)	5.700E-07 (0.52)	5.060E-06 (1.80)	5.470E-06 (2.00)
Employment in OWN industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-	2.627E-02 (3.94)	-	-1.706E-01 (3.72)	-	-2.886E-02 (10.24)	-	8.446E-03 (2.16)
Emp at estab with < 10 workers	-	-3.390E-04 (0.86)	-	1.585E-03 (3.29)	-	1.406E-03 (6.21)	-	4.994E-04 (4.75)
Emp at estab with 10 to 49 workers	-	6.065E-04 (3.45)	-	1.212E-03 (2.97)	-	6.008E-05 (0.43)	-	5.707E-04 (8.31)
Emp at estab with > 50 workers	-	-4.347E-05 (2.78)	-	6.056E-04 (3.72)	-	4.204E-05 (3.38)	-	-5.811E-05 (3.34)
2-Digit SIC FE	20	20	2	2	7	7	6	6
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	632,180	632,180	63,218	63,218	221,263	221,263	189,654	189,654
Censored Obs	483,717	483,717	7,701	7,701	82,589	82,589	32,911	32,911
Uncensored Obs	148,463	148,463	55,517	55,517	138,674	138,674	156,743	156,743
Log-L	-277133.16	-275614.82	-108793.41	-107748.80	-261073.43	-260451.85	-361594.14	-360088.72

**Table 3b: Tobit Models for EMPLOYMENT at Arrivals (< 12 months old) of Small (< 10 worker) Establishments
By 2-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Apparel & Other Finished Products Made From Fabrics and Similar Materials SIC 23		Printing, Publishing & Allied Industries SIC 27		Industrial and Commercial Machinery & Computer Equipment SIC 35		Wholesale Trade Durable Goods SIC 50	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-1.356E-03 (3.06)	-1.182E-03 (2.46)	-1.830E-03 (2.62)	-2.040E-03 (2.53)	-5.050E-04 (0.87)	8.501E-04 (3.90)	-4.826E-03 (2.67)	5.437E-04 (0.53)
Emp at estab with < 10 workers	9.180E-05 (3.14)	1.299E-04 (3.59)	9.856E-05 (2.01)	7.289E-05 (1.88)	-1.120E-05 (0.30)	-8.299E-05 (4.95)	2.509E-04 (2.02)	8.830E-05 (0.93)
Emp at estab with 10 to 49 workers	4.119E-05 (2.50)	-3.408E-05 (2.29)	1.181E-05 (0.83)	4.192E-05 (3.95)	3.044E-05 (3.30)	2.347E-05 (3.45)	2.381E-05 (0.74)	-1.854E-04 (4.10)
Emp at estab with > 50 workers	-9.850E-06 (3.91)	-3.000E-08 (0.02)	7.400E-07 (0.35)	3.230E-06 (1.04)	-5.000E-07 (0.39)	-2.280E-06 (2.27)	7.200E-07 (0.16)	7.330E-06 (2.04)
Employment in OWN industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-	6.592E-02 (1.15)	-	-5.567E-02 (3.04)	-	1.269E-01 (5.39)	-	-2.155E-02 (0.58)
Emp at estab with < 10 workers	-	-6.765E-03 (2.33)	-	2.616E-03 (1.90)	-	6.499E-03 (5.59)	-	-7.709E-04 (1.24)
Emp at estab with 10 to 49 workers	-	5.034E-03 (3.62)	-	-5.564E-04 (1.53)	-	2.487E-03 (6.54)	-	3.328E-03 (5.39)
Emp at estab with > 50 workers	-	-9.502E-04 (3.26)	-	-2.973E-05 (1.07)	-	-1.904E-04 (1.61)	-	4.248E-04 (2.69)
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
Censored Obs	21,033	21,033	9,050	9,050	19,740	19,740	2,265	2,265
Uncensored Obs	10,576	10,576	22,559	22,559	11,869	11,869	29,344	29,344
Log-L	-19757.62	-19238.77	-26904.28	-26772.72	-21242.76	-20780.09	-59732.02	-59172.76

**Table 3c: Tobit Models for EMPLOYMENT at Arrivals (< 12 months old) of Small (< 10 worker) Establishments
By 2-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Security & Commodity Brokers, Dealers, Exchanges, and Services SIC 62		Business Services SIC 73		Legal Services SIC 81		Engineering, Accounting, Research, Management, and Related Services SIC 87	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-7.671E-04 (2.12)	1.806E-04 (0.49)	-9.058E-03 (1.92)	-9.743E-03 (1.90)	-2.262E-04 (0.55)	-2.502E-03 (5.21)	-6.211E-03 (1.98)	-6.218E-03 (2.16)
Emp at estab with < 10 workers	-4.840E-06 (0.18)	-5.502E-05 (1.94)	3.924E-04 (1.23)	3.137E-04 (1.40)	-6.943E-05 (2.06)	1.212E-04 (3.94)	1.945E-04 (0.93)	1.972E-04 (1.83)
Emp at estab with 10 to 49 workers	3.688E-05 (3.44)	3.093E-05 (2.83)	1.306E-04 (1.54)	3.343E-04 (5.36)	6.119E-05 (3.91)	-2.891E-05 (1.82)	1.314E-04 (2.46)	1.753E-04 (1.78)
Emp at estab with > 50 workers	3.630E-06 (2.79)	-1.520E-06 (1.55)	4.260E-06 (0.34)	6.760E-06 (0.42)	3.760E-06 (1.46)	3.950E-06 (1.10)	6.740E-06 (0.83)	1.534E-05 (1.60)
Employment in OWN industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-	8.678E-02 (2.66)	-	-3.189E-01 (2.26)	-	-1.350E-01 (2.75)	-	-1.418E-01 (1.91)
Emp at estab with < 10 workers	-	2.456E-03 (1.58)	-	8.976E-05 (0.08)	-	1.521E-03 (3.44)	-	-6.157E-04 (0.58)
Emp at estab with 10 to 49 workers	-	-6.007E-04 (1.11)	-	1.091E-03 (1.97)	-	1.032E-03 (2.10)	-	7.640E-04 (1.13)
Emp at estab with > 50 workers	-	-8.055E-05 (2.47)	-	6.515E-05 (0.72)	-	-1.506E-04 (3.16)	-	-7.247E-05 (1.56)
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
Censored Obs	10,411	10,411	210	210	16,803	16,803	1,063	1,063
Uncensored Obs	21,198	21,198	31,399	31,399	14,806	14,806	30,546	30,546
Log-L	-31648.72	-31438.85	-83417.47	-83290.28	-29174.05	-28009.61	-70739.77	-70689.49

**Table 4a: Tobit Models for Arrivals (< 12 months old) of Small (< 10 worker) Establishments
By 1-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Manufacturing SIC 20-39		Wholesale Trade SIC 50, 51		FIRE SIC 60-65, 67		Services SIC 73, 80, 81, 86, 87, 89	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-1.007E-05 (3.56)	-1.199E-05 (4.22)	-2.849E-05 (1.39)	5.700E-06 (0.29)	-4.457E-05 (5.06)	-4.695E-05 (5.25)	-1.101E-04 (4.86)	-1.072E-04 (4.70)
Emp at estab with < 10 workers	-1.200E-07 (0.61)	2.000E-07 (1.03)	9.400E-07 (0.67)	-9.100E-07 (0.69)	1.150E-06 (1.97)	1.410E-06 (2.39)	5.950E-06 (3.95)	3.330E-06 (2.23)
Emp at estab with 10 to 49 workers	1.630E-06 (15.89)	1.250E-06 (11.65)	2.990E-06 (5.06)	8.000E-08 (0.13)	2.770E-06 (11.04)	2.660E-06 (10.30)	2.860E-06 (4.82)	3.200E-06 (5.71)
Emp at estab with > 50 workers	-2.600E-07 (15.18)	-2.300E-07 (13.58)	-5.000E-07 (6.04)	-3.000E-07 (3.46)	-4.400E-07 (11.12)	-4.400E-07 (11.16)	-4.700E-07 (4.84)	-4.700E-07 (4.84)
Employment in OWN industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-	1.015E-03 (7.13)	-	-2.275E-03 (2.02)	-	5.250E-06 (0.05)	-	8.474E-04 (8.78)
Emp at estab with < 10 workers	-	-5.540E-05 (5.18)	-	5.287E-05 (2.51)	-	-5.300E-07 (0.13)	-	4.200E-05 (12.27)
Emp at estab with 10 to 49 workers	-	3.673E-05 (7.18)	-	1.083E-05 (0.93)	-	-2.890E-06 (0.68)	-	8.650E-06 (3.33)
Emp at estab with > 50 workers	-	-1.110E-06 (3.23)	-	1.705E-05 (6.30)	-	1.260E-06 (2.51)	-	-7.960E-06 (12.67)
2-Digit SIC FE	20	20	2	2	7	7	6	6
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	632,180	632,180	63,218	63,218	221,263	221,263	189,654	189,654
Censored Obs	483,717	483,717	7,701	7,701	82,589	82,589	32,911	32,911
Uncensored Obs	148,463	148,463	55,517	55,517	138,674	138,674	156,743	156,743
Log-L	-137595.33	-137043.51	-55949.79	-55750.72	-140748.26	-140739.63	-256702.87	-256450.07

**Table 4b: Tobit Models for Arrivals (< 12 months old) of Small (< 10 worker) Establishments
By 2-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Apparel & Other Finished Products Made From Fabrics and Similar Materials SIC 23		Printing, Publishing & Allied Industries SIC 27		Industrial and Commercial Machinery & Computer Equipment SIC 35		Wholesale Trade Durable Goods SIC 50	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	4.350E-06 (0.35)	-2.897E-05 (2.24)	-4.876E-05 (3.61)	-3.169E-05 (2.37)	1.580E-05 (1.64)	7.180E-05 (6.89)	-6.106E-05 (1.93)	2.757E-05 (1.08)
Emp at estab with < 10 workers	1.740E-06 (2.09)	4.440E-06 (4.60)	1.750E-06 (1.93)	-3.400E-07 (0.36)	-3.660E-06 (5.19)	-5.660E-06 (7.77)	1.810E-06 (0.86)	-1.050E-06 (0.52)
Emp at estab with 10 to 49 workers	8.000E-08 (0.16)	-1.220E-06 (2.38)	2.410E-06 (6.16)	3.350E-06 (5.88)	3.060E-06 (7.67)	1.380E-06 (3.60)	4.250E-06 (5.29)	-4.960E-06 (3.68)
Emp at estab with > 50 workers	-1.600E-07 (2.43)	-5.000E-08 (0.74)	-3.800E-07 (5.89)	-1.700E-07 (1.87)	-2.100E-07 (3.33)	-7.000E-08 (1.16)	-7.800E-07 (6.13)	6.000E-08 (0.34)
Employment in OWN industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-	2.345E-03 (1.73)	-	-2.984E-03 (4.72)	-	6.587E-03 (6.80)	-	1.409E-03 (1.18)
Emp at estab with < 10 workers	-	-3.488E-04 (4.73)	-	1.200E-04 (3.99)	-	1.415E-04 (4.18)	-	6.487E-05 (1.80)
Emp at estab with 10 to 49 workers	-	1.342E-04 (3.71)	-	-8.140E-06 (0.64)	-	5.170E-06 (0.44)	-	6.195E-05 (4.88)
Emp at estab with > 50 workers	-	-8.800E-07 (0.18)	-	-6.370E-06 (4.51)	-	-3.150E-06 (1.37)	-	1.670E-06 (0.46)
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
Censored Obs	21,033	21,033	9,050	9,050	19,740	19,740	2,265	2,265
Uncensored Obs	10,576	10,576	22,559	22,559	11,869	11,869	29,344	29,344
Log-L	-10314.39	-10145.86	-10172.55	-10113.54	-8638.68	-8504.99	-31470.46	-31285.77

**Table 4c: Tobit Models for Arrivals (< 12 months old) of Small (< 10 worker) Establishments
By 2-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Security & Commodity Brokers, Dealers, Exchanges, and Services SIC 62		Business Services SIC 73		Legal Services SIC 81		Engineering, Accounting, Research, Management, and Related Services SIC 87	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-4.067E-05 (3.69)	7.170E-06 (0.54)	-3.762E-05 (0.38)	-2.918E-05 (0.30)	-1.453E-04 (9.49)	-1.446E-04 (9.47)	-1.248E-04 (2.06)	1.374E-05 (0.23)
Emp at estab with < 10 workers	1.510E-06 (1.85)	-3.720E-06 (3.82)	-3.730E-06 (0.58)	-7.450E-06 (1.04)	6.500E-06 (5.98)	4.320E-06 (3.84)	2.350E-06 (0.58)	-1.562E-05 (3.36)
Emp at estab with 10 to 49 workers	1.780E-06 (4.12)	3.160E-06 (6.20)	1.037E-05 (4.40)	9.020E-06 (2.36)	2.840E-06 (4.37)	1.820E-06 (2.84)	6.100E-06 (3.66)	1.095E-05 (5.05)
Emp at estab with > 50 workers	-2.600E-07 (4.46)	-2.300E-07 (3.90)	-9.800E-07 (2.41)	-8.400E-07 (1.81)	-4.800E-07 (4.84)	8.000E-08 (0.70)	-2.600E-07 (0.94)	-1.600E-07 (0.50)
Employment in OWN industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-	4.132E-03 (4.02)	-	-2.162E-03 (0.71)	-	-2.905E-03 (2.00)	-	-6.384E-03 (3.36)
Emp at estab with < 10 workers	-	4.951E-04 (11.24)	-	6.744E-05 (1.69)	-	1.171E-04 (6.93)	-	1.736E-04 (6.79)
Emp at estab with 10 to 49 workers	-	-2.073E-04 (11.28)	-	-1.343E-05 (0.45)	-	-4.460E-06 (0.26)	-	-6.399E-05 (3.30)
Emp at estab with > 50 workers	-	-1.770E-06 (1.20)	-	5.120E-06 (1.09)	-	-2.101E-05 (7.97)	-	7.790E-06 (3.87)
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
Censored Obs	10,411	10,411	210	210	16,803	16,803	1,063	1,063
Uncensored Obs	21,198	21,198	31,399	31,399	14,806	14,806	30,546	30,546
Log-L	-12204.71	-12062.26	-64390.30	-64387.32	-15233.52	-14995.75	-49734.86	-49702.74

Appendix – Supplemental Tables

Table A1a
1-Digit Industry Establishment and Employment Counts using 5 Mile Circles
In MSAs with 250 or More Census Tracts

	Manufacturing SIC 20-39	Wholesale Trade SIC 50, 51	FIRE SIC 60-65, 67	Services SIC 73, 80, 81, 86, 87, 89
Arrivals in census tract in the last 12 months for Estab with < 10 workers (2007:Q1)				
Total New Establishments	16,616	18,914	38,836	96,861
Total Workers at New Establishments	36,256	42,928	88,385	179,472
Num.census tract/ind pairs with > 0 arrivals	149,692	55,998	139,823	158,141
Num census tract/ind pairs with 0 arrivals	488,468	7,818	83,533	33,307
Avg Emp in OWN Industry Within 5 Miles of arriving company's census tract centroid (2005:Q4)				
All Size Estab	2,123	6,096	3,642	13,461
Small-Estab (< 10 workers)	222	1,578	974	2,668
Med-Estab (10 to 49 workers)	462	2,147	970	3,019
Large-Estab (> 50 workers)	1,439	2,371	1,698	7,774
Avg Emp in ALL Industries Within 5 Miles of arriving company's census tract centroid (2005:Q4)				
All Size Estab	182,883	191,107	169,566	188,424
Small-Estab (< 10 workers)	33,148	35,186	30,988	33,618
Med-Estab (10 to 49 workers)	42,614	44,629	39,607	43,338
Large-Estab (> 50 workers)	107,121	111,292	98,970	111,468

Table A1b
Selected 2-Digit Industry Establishment and Employment Counts using 5 Mile Circles
In MSAs with 250 or More Census Tracts

	Apparel & Other Finished Products Made From Fabrics and Similar Materials SIC 23	Printing, Publishing & Allied Industries SIC 27	Industrial and Commercial Machinery & Computer Equipment SIC 35	Wholesale Trade – Durable Goods SIC 50
Arrivals in census tract in the last 12 months for Etab with < 10 workers (2007:Q1)				
Total New Establishments	1,156	3,973	1,382	12,209
Total Workers at New Establishments	2,294	7,425	3,457	28,320
Number of census tracts with > 0 arrivals	10,663	22,755	11,956	29,592
Number of census tracts with 0 arrivals	21,245	9,153	19,952	2,316
Avg Emp in OWN Industry Within 5 Miles of arriving company's census tract centroid (2005:Q4)				
All Size Estab	3,906	4,311	1,721	5,725
Small-Estab (< 10 workers)	419	481	189	1,547
Med-Estab (10 to 49 workers)	1,124	859	494	2,091
Large-Estab (> 50 workers)	2,363	2,972	1,038	2,088
Avg Emp in ALL Industries Within 5 Miles of arriving company's census tract centroid (2005:Q4)				
All Size Estab	275,635	207,860	142,289	166,092
Small-Estab (< 10 workers)	48,481	37,459	25,960	31,085
Med-Estab (10 to 49 workers)	62,633	48,141	33,817	39,281
Large-Estab (> 50 workers)	164,521	122,260	82,512	95,725

Table A1c
Selected 2-Digit Industry Establishment and Employment Counts using 5 Mile Circles
In MSAs with 250 or More Census Tracts

	Security & Commodity Brokers, Dealers, Exchanges, and Services SIC 62	Business Services SIC 73	Legal Services SIC 81	Engineering, Accounting, Research, Management, and Related Services SIC 87
Arrivals in census tract in the last 12 months for Etab with < 10 workers (2007:Q1)				
Total New Establishments	3,937	46,209	2,403	26,581
Total Workers at New Establishments	9,152	77,833	5,867	49,093
Number of census tracts with > 0 arrivals	21,364	31,687	14,954	30,821
Number of census tracts with 0 arrivals	10,544	221	16,954	1,087
Avg Emp in OWN Industry Within 5 Miles of arriving company's census tract centroid (2005:Q4)				
All Size Estab	4,962	15,670	9,345	13,527
Small-Estab (< 10 workers)	372	3,105	2,264	2,580
Med-Estab (10 to 49 workers)	706	3,671	2,139	3,240
Large-Estab (> 50 workers)	3,884	8,894	4,942	7,707
Avg Emp in ALL Industries Within 5 Miles of arriving company's census tract centroid (2005:Q4)				
All Size Estab	203,115	180,407	307,349	200,781
Small-Estab (< 10 workers)	36,489	32,351	51,909	35,244
Med-Estab (10 to 49 workers)	47,227	41,692	68,816	45,858
Large-Estab (> 50 workers)	119,399	106,364	186,624	119,679

**Table A2a: Tobit Models for EMPLOYMENT at Arrivals (< 12 months old) of Small (< 10 worker) Establishments
By 1-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Manufacturing SIC 20-39		Wholesale Trade SIC 50, 51		FIRE SIC 60-65, 67		Services SIC 73, 80, 81, 86, 87, 89	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-3.254E-05 (4.34)	-3.773E-05 (5.02)	-1.244E-04 (2.21)	-3.082E-05 (0.56)	-1.252E-04 (5.83)	-1.268E-04 (5.82)	-2.610E-04 (5.55)	-2.473E-04 (5.22)
Emp at estab with < 10 workers	-4.700E-07 (0.90)	4.900E-07 (0.94)	3.660E-06 (0.95)	-3.300E-07 (0.09)	3.120E-06 (2.18)	3.320E-06 (2.30)	1.269E-05 (4.05)	6.680E-06 (2.15)
Emp at estab with 10 to 49 workers	4.650E-06 (16.63)	3.520E-06 (12.38)	9.170E-06 (5.59)	3.800E-07 (0.24)	7.620E-06 (12.10)	7.370E-06 (11.48)	7.050E-06 (5.72)	7.780E-06 (6.65)
Emp at estab with > 50 workers	-6.900E-07 (15.31)	-6.200E-07 (13.67)	-1.400E-06 (6.11)	-7.900E-07 (3.41)	-1.210E-06 (11.72)	-1.220E-06 (11.78)	-1.040E-06 (5.03)	-1.010E-06 (4.86)
Employment in OWN industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-	2.938E-03 (7.21)	-	-7.066E-03 (2.26)	-	-7.037E-04 (2.54)	-	1.591E-03 (6.02)
Emp at estab with < 10 workers	-	-1.784E-04 (5.86)	-	1.178E-04 (1.94)	-	8.550E-06 (0.85)	-	9.092E-05 (12.25)
Emp at estab with 10 to 49 workers	-	1.111E-04 (7.83)	-	5.920E-05 (1.85)	-	9.430E-06 (0.82)	-	2.599E-05 (4.72)
Emp at estab with > 50 workers	-	-2.790E-06 (2.85)	-	4.283E-05 (5.87)	-	2.490E-06 (1.82)	-	-2.001E-05 (14.17)
2-Digit SIC FE	20	20	2	2	7	7	6	6
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	632,180	632,180	63,218	63,218	221,263	221,263	189,654	189,654
Censored Obs	483,717	483,717	7,701	7,701	82,589	82,589	32,911	32,911
Uncensored Obs	148,463	148,463	55,517	55,517	138,674	138,674	156,743	156,743
Log-L	-277619.31	-276940.22	-109551.51	-109332.12	-261681.73	-261667.43	-363054.07	-362750.43

**Table A2b: Tobit Models for EMPLOYMENT at Arrivals (< 12 months old) of Small (< 10 worker) Establishments
By 2-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Apparel & Other Finished Products Made From Fabrics and Similar Materials SIC 23		Printing, Publishing & Allied Industries SIC 27		Industrial and Commercial Machinery & Computer Equipment SIC 35		Wholesale Trade Durable Goods SIC 50	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	1.861E-05 (0.67)	-6.465E-05 (2.14)	-1.197E-04 (3.51)	-7.244E-05 (2.22)	2.571E-05 (0.81)	1.956E-04 (6.53)	-2.209E-04 (2.55)	5.064E-05 (0.75)
Emp at estab with < 10 workers	2.620E-06 (1.34)	1.005E-05 (4.27)	3.040E-06 (1.34)	-2.090E-06 (0.91)	-9.900E-06 (4.50)	-1.591E-05 (7.45)	6.740E-06 (1.16)	-9.200E-07 (0.17)
Emp at estab with 10 to 49 workers	1.440E-06 (1.08)	-2.600E-06 (1.88)	6.250E-06 (6.81)	8.000E-06 (6.21)	9.740E-06 (8.21)	4.580E-06 (4.05)	1.211E-05 (5.66)	-1.628E-05 (4.32)
Emp at estab with > 50 workers	-4.400E-07 (2.60)	-1.400E-07 (0.79)	-8.000E-07 (5.43)	-2.000E-07 (0.88)	-7.900E-07 (4.06)	-3.700E-07 (1.97)	-2.080E-06 (6.01)	4.500E-07 (0.98)
Employment in OWN industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-	7.997E-03 (1.98)	-	-8.730E-03 (5.80)	-	2.207E-02 (7.77)	-	4.491E-03 (1.42)
Emp at estab with < 10 workers	-	-9.365E-04 (4.63)	-	3.330E-04 (4.84)	-	3.646E-04 (3.49)	-	1.660E-04 (1.57)
Emp at estab with 10 to 49 workers	-	3.263E-04 (3.18)	-	-2.311E-05 (0.86)	-	2.492E-05 (0.71)	-	2.023E-04 (5.84)
Emp at estab with > 50 workers	-	6.780E-06 (0.50)	-	-1.396E-05 (4.37)	-	-1.123E-05 (1.42)	-	5.490E-06 (0.56)
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
Censored Obs	21,033	21,033	9,050	9,050	19,740	19,740	2,265	2,265
Uncensored Obs	10,576	10,576	22,559	22,559	11,869	11,869	29,344	29,344
Log-L	-20180.04	-20004.95	-27279.12	-27197.63	-21165.43	-21020.81	-59902.09	-59658.73

**Table A2c: Tobit Models for EMPLOYMENT at Arrivals (< 12 months old) of Small (< 10 worker) Establishments
By 2-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Security & Commodity Brokers, Dealers, Exchanges, and Services SIC 62		Business Services SIC 73		Legal Services SIC 81		Engineering, Accounting, Research, Management, and Related Services SIC 87	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-1.341E-04 (4.18)	-2.492E-05 (0.68)	-2.059E-04 (1.05)	-1.686E-04 (0.88)	-3.544E-04 (8.57)	-3.449E-04 (8.38)	-2.905E-04 (2.20)	-1.326E-05 (0.10)
Emp at estab with < 10 workers	5.500E-06 (2.32)	-7.330E-06 (2.72)	-6.370E-06 (0.50)	-2.052E-05 (1.49)	1.565E-05 (5.44)	9.650E-06 (3.26)	3.830E-06 (0.44)	-3.215E-05 (3.27)
Emp at estab with 10 to 49 workers	4.810E-06 (4.16)	8.710E-06 (6.47)	2.534E-05 (5.38)	2.395E-05 (3.26)	6.910E-06 (3.85)	4.250E-06 (2.48)	1.488E-05 (4.11)	2.487E-05 (5.29)
Emp at estab with > 50 workers	-6.900E-07 (4.36)	-6.200E-07 (3.81)	-2.250E-06 (2.70)	-1.970E-06 (2.09)	-1.130E-06 (4.03)	4.000E-07 (1.30)	-7.200E-07 (1.18)	-5.100E-07 (0.73)
Employment in OWN industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-	9.596E-03 (3.44)	-	-7.739E-03 (1.24)	-	-9.355E-03 (2.38)	-	-1.203E-02 (3.01)
Emp at estab with < 10 workers	-	1.248E-03 (10.83)	-	2.221E-04 (2.98)	-	3.003E-04 (6.67)	-	3.443E-04 (6.10)
Emp at estab with 10 to 49 workers	-	-5.430E-04 (11.16)	-	-5.992E-05 (1.04)	-	2.740E-06 (0.06)	-	-1.345E-04 (3.15)
Emp at estab with > 50 workers	-	-1.400E-06 (0.35)	-	1.916E-05 (2.05)	-	-5.750E-05 (8.10)	-	1.552E-05 (3.57)
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
Censored Obs	10,411	10,411	210	210	16,803	16,803	1,063	1,063
Uncensored Obs	21,198	21,198	31,399	31,399	14,806	14,806	30,546	30,546
Log-L	-32122.58	-31984.84	-83941.01	-83932.02	-29578.78	-29335.72	-71453.42	-71423.37

**Table A3a: Tobit Models for Arrivals (< 12 months old) of All Sized Establishments
By 1-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Manufacturing SIC 20-39		Wholesale Trade SIC 50, 51		FIRE SIC 60-65, 67		Services SIC 73, 80, 81, 86, 87, 89	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-2.452E-04 (4.78)	-2.340E-04 (4.62)	-2.230E-03 (3.70)	-4.281E-04 (1.16)	-5.915E-04 (3.36)	-4.617E-04 (2.58)	-1.985E-03 (3.44)	-2.166E-03 (3.82)
Emp at estab with < 10 workers	1.082E-05 (3.09)	1.195E-05 (3.44)	1.139E-04 (2.80)	3.599E-05 (1.15)	2.096E-05 (1.70)	1.149E-05 (0.98)	1.048E-04 (2.67)	1.177E-04 (3.13)
Emp at estab with 10 to 49 workers	5.680E-06 (5.47)	2.000E-06 (1.97)	2.174E-05 (1.85)	-2.887E-05 (2.38)	9.900E-06 (2.90)	9.700E-06 (3.09)	1.509E-05 (1.42)	-1.272E-05 (1.30)
Emp at estab with > 50 workers	-3.600E-07 (2.61)	-9.000E-08 (0.68)	-8.900E-07 (0.56)	1.590E-06 (1.48)	1.340E-06 (2.94)	2.800E-07 (0.59)	2.140E-06 (1.43)	2.300E-06 (1.58)
Employment in OWN industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-	9.619E-03 (3.29)	-	-8.532E-02 (3.46)	-	-1.197E-02 (9.26)	-	4.451E-03 (2.92)
Emp at estab with < 10 workers	-	-3.875E-04 (2.11)	-	8.409E-04 (3.91)	-	5.852E-04 (5.68)	-	1.280E-04 (2.62)
Emp at estab with 10 to 49 workers	-	3.446E-04 (4.22)	-	4.787E-04 (2.36)	-	3.326E-05 (0.52)	-	3.768E-04 (10.81)
Emp at estab with > 50 workers	-	-5.080E-06 (0.82)	-	3.038E-04 (3.56)	-	2.892E-05 (4.67)	-	-1.905E-05 (2.16)
2-Digit SIC FE	20	20	2	2	7	7	6	6
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	632,180	632,180	63,218	63,218	221,263	221,263	189,654	189,654
Censored Obs	457,350	457,350	6,918	6,918	76,944	76,944	30,783	30,783
Uncensored Obs	174,830	174,830	56,300	56,300	144,319	144,319	158,871	158,871
Log-L	-161220.69	-159325.47	-61943.20	-60773.38	-151410.94	-150688.67	-270708.61	-269116.46

**Table A3b: Tobit Models for Arrivals (< 12 months old) of All Sized Establishments
By 2-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Apparel & Other Finished Products Made From Fabrics and Similar Materials SIC 23		Printing, Publishing & Allied Industries SIC 27		Industrial and Commercial Machinery & Computer Equipment SIC 35		Wholesale Trade Durable Goods SIC 50	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-5.952E-04 (2.69)	-6.697E-04 (2.44)	-7.131E-04 (2.53)	-8.228E-04 (2.59)	-6.568E-04 (1.42)	2.265E-04 (2.14)	-2.570E-03 (2.53)	2.350E-06 (0.00)
Emp at estab with < 10 workers	4.675E-05 (2.84)	6.188E-05 (3.13)	4.011E-05 (2.09)	2.660E-05 (1.71)	1.720E-05 (0.61)	-2.882E-05 (3.53)	1.285E-04 (1.85)	4.447E-05 (0.84)
Emp at estab with 10 to 49 workers	1.195E-05 (1.63)	-1.244E-05 (1.87)	6.520E-06 (1.11)	2.108E-05 (3.80)	1.140E-05 (2.14)	1.000E-05 (3.12)	1.386E-05 (0.79)	-7.892E-05 (3.31)
Emp at estab with > 50 workers	-3.870E-06 (3.77)	1.800E-07 (0.26)	1.000E-07 (0.11)	1.210E-06 (0.97)	4.600E-07 (0.54)	-1.090E-06 (2.09)	1.140E-06 (0.48)	3.770E-06 (1.98)
Employment in OWN industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-	3.653E-02 (1.37)	-	-2.499E-02 (3.18)	-	5.853E-02 (4.02)	-	-1.781E-02 (0.92)
Emp at estab with < 10 workers	-	-2.764E-03 (2.15)	-	1.386E-03 (2.56)	-	2.024E-03 (4.45)	-	-2.025E-04 (0.60)
Emp at estab with 10 to 49 workers	-	2.230E-03 (3.28)	-	-3.203E-04 (2.02)	-	1.294E-03 (6.66)	-	1.435E-03 (4.21)
Emp at estab with > 50 workers	-	-5.207E-04 (3.29)	-	-1.068E-05 (0.89)	-	2.619E-05 (0.32)	-	2.433E-04 (2.64)
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
Censored Obs	20,388	20,388	8,336	8,336	17,538	17,538	2,009	2,009
Uncensored Obs	11,221	11,221	23,273	23,273	14,071	14,071	29,600	29,600
Log-L	-11752.17	-11230.78	-11604.76	-11490.74	-10889.75	-10128.39	-34951.42	-34277.78

**Table A3c: Tobit Models for Arrivals (< 12 months old) of All Sized Establishments
By 2-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Security & Commodity Brokers, Dealers, Exchanges, and Services SIC 62		Business Services SIC 73		Legal Services SIC 81		Engineering, Accounting, Research, Management, and Related Services SIC 87	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-2.660E-04 (1.40)	1.525E-04 (0.82)	-4.844E-03 (1.83)	-5.000E-03 (1.73)	-1.545E-04 (0.92)	-1.008E-03 (5.47)	-2.879E-03 (1.78)	-2.930E-03 (1.98)
Emp at estab with < 10 workers	-1.523E-05 (1.07)	-2.885E-05 (2.04)	2.122E-04 (1.18)	2.078E-04 (1.65)	-2.440E-05 (1.82)	5.114E-05 (4.35)	9.090E-05 (0.84)	8.237E-05 (1.42)
Emp at estab with 10 to 49 workers	2.227E-05 (4.04)	1.430E-05 (2.69)	7.348E-05 (1.54)	1.706E-04 (5.09)	2.566E-05 (4.44)	-1.117E-05 (1.96)	6.789E-05 (2.37)	9.524E-05 (2.01)
Emp at estab with > 50 workers	2.120E-06 (2.83)	-8.800E-07 (1.85)	2.710E-06 (0.40)	3.070E-06 (0.35)	1.400E-06 (1.65)	8.700E-07 (0.80)	3.000E-06 (0.70)	7.230E-06 (1.46)
Employment in OWN industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-	5.828E-02 (3.13)	-	-1.719E-01 (2.22)	-	-5.230E-02 (2.74)	-	-6.064E-02 (1.59)
Emp at estab with < 10 workers	-	2.809E-04 (0.31)	-	-4.713E-04 (0.71)	-	5.628E-04 (3.25)	-	-1.630E-04 (0.33)
Emp at estab with 10 to 49 workers	-	-8.603E-05 (0.29)	-	7.775E-04 (2.57)	-	4.259E-04 (2.25)	-	2.924E-04 (0.91)
Emp at estab with > 50 workers	-	-3.778E-05 (2.05)	-	3.424E-05 (0.67)	-	-4.574E-05 (2.45)	-	-5.034E-05 (2.00)
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
Censored Obs	9,840	9,840	189	189	16,377	16,377	966	966
Uncensored Obs	21,769	21,769	31,420	31,420	15,232	15,232	30,643	30,643
Log-L	-13697.20	-13310.24	-66743.82	-66643.50	-15621.24	-14415.90	-51841.04	-51804.05

**Table A4a: Tobit Models for EMPLOYMENT at Arrivals (< 12 months old) of All Sized Establishments
By 1-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Manufacturing SIC 20-39		Wholesale Trade SIC 50, 51		FIRE SIC 60-65, 67		Services SIC 73, 80, 81, 86, 87, 89	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-4.487E-03 (1.10)	-2.931E-03 (0.75)	-2.832E-02 (2.44)	-1.110E-02 (1.58)	-2.174E-02 (3.83)	-3.170E-02 (4.14)	-1.056E-02 (2.48)	-1.312E-02 (3.01)
Emp at estab with < 10 workers	1.203E-04 (0.41)	1.758E-04 (0.61)	1.269E-03 (1.53)	6.082E-04 (0.90)	6.381E-04 (2.03)	1.263E-03 (2.69)	-1.894E-04 (0.53)	5.265E-04 (1.57)
Emp at estab with 10 to 49 workers	2.090E-04 (2.32)	9.555E-05 (1.08)	2.107E-04 (0.94)	-1.261E-04 (0.51)	5.657E-04 (4.29)	3.960E-04 (1.97)	6.045E-04 (4.23)	9.420E-06 (0.09)
Emp at estab with > 50 workers	-2.600E-06 (0.22)	-4.370E-06 (0.37)	2.534E-05 (0.85)	2.720E-05 (1.25)	3.905E-05 (1.97)	2.620E-06 (0.15)	3.100E-05 (2.41)	1.920E-05 (1.68)
Employment in OWN industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-	4.279E-03 (0.04)	-	-9.765E-01 (2.41)	-	-7.178E-02 (0.46)	-	4.575E-02 (1.50)
Emp at estab with < 10 workers	-	-3.910E-02 (5.19)	-	3.629E-03 (1.83)	-	2.837E-02 (2.79)	-	-6.571E-03 (4.44)
Emp at estab with 10 to 49 workers	-	1.633E-02 (4.61)	-	4.989E-03 (1.68)	-	-2.658E-02 (2.01)	-	6.357E-03 (6.77)
Emp at estab with > 50 workers	-	1.712E-03 (4.25)	-	4.648E-03 (2.84)	-	5.424E-03 (2.18)	-	1.008E-03 (3.63)
2-Digit SIC FE	20	20	2	2	7	7	6	6
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	632,180	632,180	63,218	63,218	221,263	221,263	189,654	189,654
Censored Obs	467,921	467,921	7,108	7,108	80,081	80,081	31,637	31,637
Uncensored Obs	164,259	164,259	56,110	56,110	141,182	141,182	158,017	158,017
Log-L	-841443.28	-840926.31	-211592.80	-211112.89	-678947.12	-677585.43	-697536.84	-695988.68

**Table A4b: Tobit Models for EMPLOYMENT at Arrivals (< 12 months old) of All Sized Establishments
By 2-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Apparel & Other Finished Products Made From Fabrics and Similar Materials SIC 23		Printing, Publishing & Allied Industries SIC 27		Industrial and Commercial Machinery & Computer Equipment SIC 35		Wholesale Trade Durable Goods SIC 50	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-1.794E-03 (1.04)	-1.759E-03 (0.70)	-1.076E-02 (1.48)	-8.329E-03 (0.85)	-4.016E-02 (1.11)	2.108E-02 (1.85)	-4.758E-02 (2.10)	-1.844E-02 (1.22)
Emp at estab with < 10 workers	3.591E-04 (2.39)	7.245E-04 (3.54)	5.057E-04 (1.60)	1.577E-04 (0.38)	1.661E-03 (0.77)	-1.706E-03 (2.05)	2.358E-03 (1.46)	1.653E-03 (1.18)
Emp at estab with 10 to 49 workers	1.173E-04 (1.63)	-1.889E-04 (2.21)	2.858E-04 (1.06)	2.794E-04 (0.83)	1.472E-04 (0.39)	4.409E-04 (1.76)	4.828E-05 (0.11)	-1.042E-03 (1.95)
Emp at estab with > 50 workers	-5.635E-05 (4.43)	-2.498E-05 (2.04)	1.040E-06 (0.03)	4.801E-05 (1.00)	6.925E-05 (1.04)	-8.170E-05 (2.07)	6.802E-05 (1.20)	8.755E-05 (1.84)
Employment in OWN industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-	-3.434E-01 (1.13)	-	-1.142 (1.94)	-	2.798 (1.99)	-	1.644E-02 (0.05)
Emp at estab with < 10 workers	-	-5.172E-02 (3.19)	-	3.339E-02 (2.43)	-	6.586E-02 (2.24)	-	-1.173E-02 (2.01)
Emp at estab with 10 to 49 workers	-	3.627E-02 (3.99)	-	-8.956E-03 (1.29)	-	3.890E-02 (2.47)	-	1.830E-02 (3.10)
Emp at estab with > 50 workers	-	-4.169E-03 (2.26)	-	2.037E-03 (1.98)	-	1.298E-02 (1.63)	-	4.988E-03 (2.53)
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
Censored Obs	20,568	20,568	8,567	8,567	18,109	18,109	2,044	2,044
Uncensored Obs	11,041	11,041	23,042	23,042	13,500	13,500	29,565	29,565
Log-L	-45159.60	-45050.34	-106774.34	-106747.42	-65481.62	-64857.39	-115651.37	-115155.65

**Table A4c: Tobit Models for EMPLOYMENT at Arrivals (< 12 months old) of All Sized Establishments
By 2-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Security & Commodity Brokers, Dealers, Exchanges, and Services SIC 62		Business Services SIC 73		Legal Services SIC 81		Engineering, Accounting, Research, Management, and Related Services SIC 87	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-7.969E-03 (0.52)	-3.499E-02 (2.28)	-1.693E-02 (0.97)	-5.714E-03 (0.30)	-1.951E-03 (2.02)	-3.703E-03 (2.95)	-3.787E-04 (0.03)	1.889E-03 (0.17)
Emp at estab with < 10 workers	-7.547E-04 (0.72)	8.727E-04 (0.94)	-3.492E-03 (2.07)	-7.035E-04 (0.39)	-6.044E-05 (0.82)	2.517E-04 (3.39)	-1.186E-03 (1.45)	-6.609E-04 (1.27)
Emp at estab with 10 to 49 workers	1.451E-03 (3.13)	1.066E-03 (1.82)	3.210E-03 (4.36)	1.153E-03 (1.31)	1.199E-04 (2.62)	-4.834E-05 (1.56)	1.028E-03 (4.21)	-1.188E-04 (0.29)
Emp at estab with > 50 workers	-5.266E-05 (0.85)	-2.714E-05 (0.58)	9.406E-05 (1.55)	-1.154E-05 (0.20)	1.195E-05 (2.00)	-8.210E-06 (1.07)	1.998E-05 (0.55)	3.407E-05 (0.90)
Employment in OWN industries within 1 Mile of Census Tract Centroid								
Establishments with size NA	-	3.387 (1.76)	-	-6.068E-01 (0.84)	-	-5.308E-01 (4.34)	-	-1.113 (2.49)
Emp at estab with < 10 workers	-	-2.247E-02 (0.66)	-	-2.337E-02 (2.68)	-	8.441E-04 (0.89)	-	1.534E-03 (0.17)
Emp at estab with 10 to 49 workers	-	-3.634E-02 (1.86)	-	6.797E-03 (1.46)	-	2.898E-03 (2.15)	-	9.181E-03 (2.47)
Emp at estab with > 50 workers	-	2.647E-03 (1.33)	-	5.246E-03 (3.43)	-	4.709E-04 (2.23)	-	1.551E-03 (1.75)
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
Censored Obs	10,053	10,053	193	193	16,433	16,433	993	993
Uncensored Obs	21,556	21,556	31,416	31,416	15,176	15,176	30,616	30,616
Log-L	-99378.05	-99130.24	-150108.45	-149920.62	-42659.16	-41966.30	-142330.90	-142277.28

**Table A5a: Tobit Models for Arrivals (< 12 months old) of All Sized Establishments
By 1-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Manufacturing SIC 20-39		Wholesale Trade SIC 50, 51		FIRE SIC 60-65, 67		Services SIC 73, 80, 81, 86, 87, 89	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-1.466E-05 (4.73)	-1.574E-05 (5.08)	-4.309E-05 (1.65)	4.120E-06 (0.17)	-4.822E-05 (5.12)	-5.268E-05 (5.52)	-1.106E-04 (4.39)	-1.089E-04 (4.31)
Emp at estab with < 10 workers	-5.400E-07 (2.53)	-7.000E-08 (0.35)	8.000E-08 (0.05)	-1.790E-06 (1.09)	8.200E-07 (1.30)	1.240E-06 (1.95)	5.380E-06 (3.20)	2.950E-06 (1.77)
Emp at estab with 10 to 49 workers	2.190E-06 (19.80)	1.630E-06 (14.26)	4.420E-06 (6.17)	5.900E-07 (0.78)	3.340E-06 (12.30)	3.100E-06 (11.21)	3.810E-06 (5.68)	3.810E-06 (6.07)
Emp at estab with > 50 workers	-2.800E-07 (15.61)	-2.600E-07 (14.14)	-5.300E-07 (5.23)	-2.900E-07 (2.81)	-4.700E-07 (11.24)	-4.800E-07 (11.37)	-5.700E-07 (5.15)	-5.800E-07 (5.22)
Employment in OWN industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-	1.760E-03 (10.22)	-	-2.848E-03 (2.01)	-	-1.075E-04 (0.85)	-	8.759E-04 (8.35)
Emp at estab with < 10 workers	-	-1.215E-04 (8.45)	-	4.738E-05 (2.08)	-	5.300E-06 (1.25)	-	4.112E-05 (10.54)
Emp at estab with 10 to 49 workers	-	5.895E-05 (8.87)	-	2.142E-05 (1.54)	-	-4.720E-06 (1.00)	-	1.755E-05 (5.61)
Emp at estab with > 50 workers	-	3.500E-07 (0.92)	-	2.220E-05 (6.60)	-	2.660E-06 (4.23)	-	-8.890E-06 (12.39)
2-Digit SIC FE	20	20	2	2	7	7	6	6
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	632,180	632,180	63,218	63,218	221,263	221,263	189,654	189,654
Censored Obs	457,350	457,350	6,918	6,918	76,944	76,944	30,783	30,783
Uncensored Obs	174,830	174,830	56,300	56,300	144,319	144,319	158,871	158,871
Log-L	-161911.70	-160762.73	-62945.27	-62709.28	-152352.52	-152324.57	-272071.13	-271756.65

**Table A5b: Tobit Models for Arrivals (< 12 months old) of All Sized Establishments
By 2-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Apparel & Other Finished Products Made From Fabrics and Similar Materials SIC 23		Printing, Publishing & Allied Industries SIC 27		Industrial and Commercial Machinery & Computer Equipment SIC 35		Wholesale Trade Durable Goods SIC 50	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	1.237E-05 (0.89)	-3.142E-05 (2.16)	-5.196E-05 (3.52)	-3.149E-05 (2.15)	-6.490E-06 (0.39)	8.175E-05 (6.79)	-8.490E-05 (1.97)	4.103E-05 (1.26)
Emp at estab with < 10 workers	1.170E-06 (1.26)	4.070E-06 (3.67)	1.190E-06 (1.20)	-1.380E-06 (1.29)	-3.920E-06 (3.84)	-6.990E-06 (8.30)	1.180E-06 (0.42)	-1.950E-06 (0.74)
Emp at estab with 10 to 49 workers	4.100E-07 (0.74)	-5.400E-07 (0.95)	3.280E-06 (7.41)	4.280E-06 (6.67)	4.530E-06 (9.74)	2.140E-06 (4.79)	6.080E-06 (6.18)	-5.640E-06 (3.40)
Emp at estab with > 50 workers	-1.700E-07 (2.41)	-6.000E-08 (0.82)	-4.500E-07 (6.42)	-2.400E-07 (2.30)	-3.400E-07 (4.36)	-1.900E-07 (2.59)	-8.900E-07 (5.39)	9.000E-08 (0.41)
Employment in OWN industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-	1.995E-03 (1.24)	-	-3.380E-03 (4.81)	-	9.353E-03 (6.99)	-	1.881E-03 (1.27)
Emp at estab with < 10 workers	-	-4.261E-04 (4.25)	-	1.625E-04 (4.89)	-	4.472E-05 (1.13)	-	5.105E-05 (1.33)
Emp at estab with 10 to 49 workers	-	1.857E-04 (3.64)	-	-2.217E-05 (1.54)	-	5.016E-05 (3.54)	-	8.386E-05 (5.24)
Emp at estab with > 50 workers	-	-9.110E-06 (1.39)	-	-5.240E-06 (3.33)	-	2.210E-06 (0.47)	-	8.560E-06 (1.77)
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
Censored Obs	20,388	20,388	8,336	8,336	17,538	17,538	2,009	2,009
Uncensored Obs	11,221	11,221	23,273	23,273	14,071	14,071	29,600	29,600
Log-L	-12054.00	-11866.99	-11951.36	-11896.00	-10879.93	-10654.07	-35275.60	-35056.47

**Table A5c: Tobit Models for Arrivals (< 12 months old) of All Sized Establishments
By 2-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Security & Commodity Brokers, Dealers, Exchanges, and Services SIC 62		Business Services SIC 73		Legal Services SIC 81		Engineering, Accounting, Research, Management, and Related Services SIC 87	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-2.714E-05 (1.99)	3.890E-06 (0.24)	-4.201E-05 (0.38)	-5.391E-05 (0.50)	-1.271E-04 (7.98)	-1.230E-04 (7.75)	-1.216E-04 (1.77)	3.049E-05 (0.45)
Emp at estab with < 10 workers	-5.100E-07 (0.49)	-4.740E-06 (3.94)	-6.590E-06 (0.91)	-7.230E-06 (0.90)	5.190E-06 (4.51)	2.750E-06 (2.33)	4.400E-07 (0.10)	-1.921E-05 (3.62)
Emp at estab with 10 to 49 workers	3.240E-06 (5.91)	4.250E-06 (7.28)	1.409E-05 (5.23)	8.900E-06 (2.09)	3.200E-06 (4.60)	2.210E-06 (3.23)	8.250E-06 (4.26)	1.301E-05 (5.17)
Emp at estab with > 50 workers	-3.700E-07 (5.42)	-2.900E-07 (4.27)	-1.310E-06 (2.85)	-1.040E-06 (1.99)	-5.100E-07 (4.79)	1.500E-07 (1.31)	-4.400E-07 (1.33)	-3.900E-07 (1.04)
Employment in OWN industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-	4.213E-03 (3.09)	-	-1.021E-03 (0.30)	-	-4.346E-03 (2.81)	-	-7.011E-03 (3.25)
Emp at estab with < 10 workers	-	5.398E-04 (10.17)	-	7.238E-05 (1.63)	-	1.186E-04 (6.58)	-	1.981E-04 (6.93)
Emp at estab with 10 to 49 workers	-	-2.403E-04 (10.42)	-	-1.666E-05 (0.50)	-	2.030E-06 (0.11)	-	-6.844E-05 (3.15)
Emp at estab with > 50 workers	-	1.370E-06 (0.64)	-	8.980E-06 (1.63)	-	-2.367E-05 (8.59)	-	9.210E-06 (4.00)
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
Censored Obs	9,840	9,840	189	189	16,377	16,377	966	966
Uncensored Obs	21,769	21,769	31,420	31,420	15,232	15,232	30,643	30,643
Log-L	-14459.59	-14332.83	-67263.14	-67257.54	-16106.07	-15854.12	-52536.62	-52500.41

**Table A6a: Tobit Models for EMPLOYMENT at Arrivals (< 12 months old) of All Sized Establishments
By 1-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Manufacturing SIC 20-39		Wholesale Trade SIC 50, 51		FIRE SIC 60-65, 67		Services SIC 73, 80, 81, 86, 87, 89	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-9.151E-04 (3.70)	-8.582E-04 (3.43)	-1.497E-03 (3.24)	-7.315E-04 (1.92)	-2.124E-03 (3.94)	-2.605E-03 (3.72)	-8.494E-04 (3.37)	-1.122E-03 (4.47)
Emp at estab with < 10 workers	-3.032E-05 (1.72)	-4.650E-06 (0.27)	3.134E-05 (1.04)	1.666E-05 (0.59)	3.160E-05 (1.06)	6.458E-05 (1.67)	3.950E-06 (0.20)	4.703E-05 (2.41)
Emp at estab with 10 to 49 workers	1.312E-04 (10.04)	1.023E-04 (8.75)	5.914E-05 (6.13)	2.386E-05 (2.01)	1.331E-04 (6.71)	1.200E-04 (6.42)	7.010E-05 (7.00)	3.909E-05 (4.68)
Emp at estab with > 50 workers	-1.807E-05 (8.95)	-1.830E-05 (8.76)	-4.730E-06 (2.78)	-3.950E-06 (2.40)	-1.525E-05 (5.01)	-1.592E-05 (5.10)	-8.370E-06 (6.12)	-9.830E-06 (6.76)
Employment in OWN industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-	9.969E-02 (7.04)	-	-5.383E-02 (3.68)	-	-4.229E-03 (0.38)	-	1.283E-03 (0.89)
Emp at estab with < 10 workers	-	-8.622E-03 (9.61)	-	-9.938E-05 (0.70)	-	1.197E-03 (2.71)	-	-4.143E-04 (5.18)
Emp at estab with 10 to 49 workers	-	2.962E-03 (9.71)	-	5.145E-04 (3.15)	-	-1.183E-03 (1.76)	-	5.506E-04 (7.86)
Emp at estab with > 50 workers	-	2.450E-04 (6.78)	-	3.014E-04 (4.64)	-	2.792E-04 (2.76)	-	3.490E-05 (2.10)
2-Digit SIC FE	20	20	2	2	7	7	6	6
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	632,180	632,180	63,218	63,218	221,263	221,263	189,654	189,654
Censored Obs	467,921	467,921	7,108	7,108	80,081	80,081	31,637	31,637
Uncensored Obs	164,259	164,259	56,110	56,110	141,182	141,182	158,017	158,017
Log-L	-841283.71	-840489.94	-212167.78	-212049.75	-680093.45	-679971.36	-698423.00	-698148.75

**Table A6b: Tobit Models for EMPLOYMENT at Arrivals (< 12 months old) of All Sized Establishments
By 2-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Apparel & Other Finished Products Made From Fabrics and Similar Materials SIC 23		Printing, Publishing & Allied Industries SIC 27		Industrial and Commercial Machinery & Computer Equipment SIC 35		Wholesale Trade Durable Goods SIC 50	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-1.305E-04 (0.40)	-7.586E-04 (2.10)	-2.946E-03 (3.63)	-1.769E-03 (2.39)	-1.559E-03 (1.30)	3.035E-03 (3.53)	-2.438E-03 (2.75)	-7.880E-04 (1.16)
Emp at estab with < 10 workers	3.980E-05 (1.60)	8.613E-05 (3.16)	1.433E-04 (2.32)	1.178E-04 (1.52)	-6.352E-05 (0.91)	-2.329E-04 (3.98)	8.228E-05 (1.44)	6.526E-05 (1.20)
Emp at estab with 10 to 49 workers	7.930E-06 (0.88)	-5.630E-06 (0.52)	7.557E-05 (3.15)	9.769E-05 (2.24)	1.755E-04 (5.79)	7.506E-05 (2.79)	7.024E-05 (4.19)	-5.303E-05 (2.01)
Emp at estab with > 50 workers	-3.860E-06 (2.38)	-1.840E-06 (1.10)	-1.152E-05 (3.32)	-5.300E-06 (1.00)	-1.349E-05 (3.02)	-9.870E-06 (2.33)	-7.920E-06 (2.46)	-1.600E-07 (0.05)
Employment in OWN industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-	-7.389E-02 (2.36)	-	-1.637E-01 (4.77)	-	4.547E-01 (4.25)	-	2.124E-02 (1.17)
Emp at estab with < 10 workers	-	-6.030E-03 (4.19)	-	-1.273E-03 (0.34)	-	4.418E-04 (0.15)	-	-3.294E-04 (1.42)
Emp at estab with 10 to 49 workers	-	3.643E-03 (5.11)	-	-3.988E-04 (0.36)	-	1.804E-03 (2.01)	-	1.026E-03 (4.56)
Emp at estab with > 50 workers	-	-1.220E-04 (1.06)	-	1.435E-04 (1.11)	-	5.321E-04 (1.59)	-	2.608E-04 (2.32)
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
Censored Obs	20,568	20,568	8,567	8,567	18,109	18,109	2,044	2,044
Uncensored Obs	11,041	11,041	23,042	23,042	13,500	13,500	29,565	29,565
Log-L	-45156.02	-45062.37	-106814.57	-106798.32	-65472.44	-65340.54	-116046.19	-115943.83

**Table A6c: Tobit Models for EMPLOYMENT at Arrivals (< 12 months old) of All Sized Establishments
By 2-Digit Industry Category
(t-ratios based on robust standard errors in parentheses)**

	Security & Commodity Brokers, Dealers, Exchanges, and Services SIC 62		Business Services SIC 73		Legal Services SIC 81		Engineering, Accounting, Research, Management, and Related Services SIC 87	
	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization	Urbanization Only	Urbanization and Localization
Employment in ALL industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-1.166E-03 (1.21)	-3.140E-03 (2.92)	1.464E-03 (1.72)	-9.189E-04 (1.10)	-7.810E-04 (4.81)	-6.895E-04 (4.51)	2.271E-04 (0.26)	6.739E-04 (0.80)
Emp at estab with < 10 workers	-6.272E-05 (0.78)	1.596E-05 (0.32)	-3.783E-04 (4.49)	-2.852E-05 (0.28)	3.192E-05 (3.69)	1.811E-05 (2.21)	-1.008E-04 (1.62)	-1.228E-04 (1.76)
Emp at estab with 10 to 49 workers	1.598E-04 (3.20)	1.061E-04 (4.21)	3.171E-04 (6.62)	2.603E-05 (0.37)	1.703E-05 (3.37)	1.367E-05 (2.83)	1.085E-04 (5.14)	8.358E-05 (3.01)
Emp at estab with > 50 workers	-1.063E-05 (2.98)	-1.730E-06 (0.64)	-2.251E-05 (3.74)	-1.764E-05 (2.93)	-2.340E-06 (2.49)	1.120E-06 (1.38)	-9.110E-06 (2.50)	-1.229E-05 (3.05)
Employment in OWN industries within 5 Miles of Census Tract Centroid								
Establishments with size NA	-	4.094E-01 (2.80)	-	5.926E-02 (1.35)	-	-3.624E-02 (3.97)	-	-4.156E-02 (1.40)
Emp at estab with < 10 workers	-	1.541E-02 (4.20)	-	-2.152E-04 (0.35)	-	4.587E-04 (4.80)	-	5.071E-04 (1.22)
Emp at estab with 10 to 49 workers	-	-1.123E-02 (4.39)	-	-1.208E-03 (1.82)	-	1.093E-04 (1.11)	-	-3.740E-06 (0.01)
Emp at estab with > 50 workers	-	3.994E-04 (3.25)	-	7.749E-04 (4.17)	-	-1.167E-04 (7.28)	-	1.408E-04 (3.17)
MSA FE	56	56	56	56	56	56	56	56
P-value on 14 yr-2000 SES tract controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations	31,609	31,609	31,609	31,609	31,609	31,609	31,609	31,609
Censored Obs	10,053	10,053	193	193	16,433	16,433	993	993
Uncensored Obs	21,556	21,556	31,416	31,416	15,176	15,176	30,616	30,616
Log-L	-99877.03	-99779.61	-150900.53	-150818.00	-43098.46	-42948.64	-142479.08	-142473.06