

Chapter 11. Co-Location of Manufacturing Firms

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In order to study the location patterns of manufacturing firms, and particularly the tendency for industry sectors to cluster relative to overall manufacturing, we develop distance-based tests of localization. In order to treat space as continuous rather than using an arbitrary collection of geographical units, we follow the point-pattern methodology of Duranton and Overman (2005, 2008). We apply these techniques on two datasets of Dutch manufacturing firms in two benchmark years, to explore the differences of co-location over time. On the one hand, we will use an augmented edition of the Struve and Bekaar dataset, which listed the larger factories in the Netherlands in 1896. On the other hand, we will make use of the LISA dataset, which provided location data of all the Dutch enterprises in 2010. Presenting thus two cross sections with a gap of one century, we aim to provide a first empirical test of the agglomeration theories of Marshall (1890) in his period of research and repeat these tests for the recent period. In particular, we intend to examine if the location of the overall manufacturing sector, a confined set of more detailed-studied sectors, large versus small enterprises, and capital-intensive versus labor-intensive establishments changed over time.

Bibliography

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