

# Knowledge Externalities, Agglomeration Economies, and Employment Growth in Dutch Cities\*

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## Abstract:

This paper extends the work of Glaeser *et al.* (1992) by looking at effects of agglomeration economies on employment growth in Dutch city-industries and in (postal) zip code-industries in the Dutch province of South-Holland. At both levels of geographic detail, findings are broadly consistent with results from the earlier study in that employment growth is enhanced by industrial diversity and local competition, but retarded by industrial specialization. A novel feature of the analysis presented here is that we examine the extent to which agglomeration economies in one location affect employment growth in other locations.

Key words: endogenous growth, knowledge spillovers, agglomeration economies;

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