



National Industry Trade Shocks, Local Labor Markets, and Agglomeration Spillovers

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Using a broad set of national industry trade shocks, I employ a novel approach to estimate agglomeration effects by exploiting within industry variation in indirect exposure to the other local industries' (national) trade shocks across local labor markets. This variation stems from differences in local industry composition and allows to test for the existence of heterogeneous agglomeration effects across industries. I find considerable employment spillovers from other tradable industries' trade shocks and even stronger effects within the same broad sector. Spillovers are larger for industries employing similar workers and are triggered predominantly by shocks to high technology industries.

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