

Electronic Appendix

Endogenous variable: Growth rate of employment	complete set of dummy variables		region-specific effects excluded		industry effects excluded	
	coefficients	t-values	coefficients	t-values	coefficients	t-values
Agriculture and hunting	-0.0688	-3.57	-0.1090	0.0193		
Forestry and logging	0.0101	0.02	-0.0676	0.5042		
Fishing and fish farming	-0.0500	-0.07	-0.0655	0.7422		
Mining of coal and lignite; extraction of peat	-0.1393	-6.97	-0.1624	0.02		
Extraction of crude petroleum and natural gas	-0.0192	-0.25	-0.0247	0.0794		
Other mining and quarrying	0.0333	0.40	0.0585	0.0845		
Manufacture of food products and beverage	-0.0192	-1.24	0.0248	0.0156		
Manufacture of tobacco products	0.0068	0.09	-0.0211	0.0812		
Manufacture of textiles	-0.0252	-0.49	-0.0075	0.0523		
Manufacture of wearing apparel	-0.0289	-1.29	-0.0458	0.0226		
Tanning and dressing of leather	-0.0310	-0.48	-0.0464	0.0658		
Manufacture of wood (except furniture)	-0.0108	-0.12	-0.0266	0.0917		
Manufacture of pulp, paper and paper products	0.0502	0.69	0.0523	0.0735		
Publishing, printing and reproduction of record media	-0.0418	-1.61	-0.0059	0.0263		
Manufacture of coke, refined petroleum and nuclear fuel	-0.1602	-3.00	-0.1880	0.054		
Manufacture of chemicals and chemical products	0.0548	3.43	0.0466	0.0159		
Manufacture of rubber and plastic products	0.0200	1.08	0.0339	0.0186		
Manufacture of other non-metallic mineral products	-0.0274	-1.20	-0.0267	0.0227		
Manufacture of basic metals	0.0094	0.41	-0.0053	0.0235		
Manufacture of fabricated metal products	0.0605	4.54	0.0694	0.0131		
Manufacture of machinery and equipment	0.0555	6.30	0.0802	0.0086		
Manufacture of office machinery and computers	-0.0554	-0.53	-0.0375	0.1054		
Manufacture of electrical motors and apparatus	0.1258	6.51	0.1303	0.0191		
Manufacture of radio, television and communication equipment and apparatus	-0.1007	-2.83	-0.0845	0.036		
Manufacture of medical, precision and optical instruments	0.0174	1.70	0.0151	0.01		
Manufacture of motor vehicles, trailers and semi-trailers	0.0025	0.15	0.0099	0.0156		
Manufacture of other transport equipment	-0.0876	-3.44	-0.1006	0.0257		
Manufacture of furniture, manufacturing n.e.c.	-0.0299	-2.92	-0.0451	0.0102		
Recycling	-0.0485	-0.24	-0.0937	0.2081		
Electricity, gas, steam and hot water supply	-0.0372	-0.86	-0.0489	0.0437		
Collection, purification and distribution of water	-0.1750	-2.77	-0.1741	0.0638		
Construction	-0.1061	-26.76	-0.1417	0.0038		
Sale, maintenance and repair of motor vehicles and motorcycles; retail of automotive fuel	-0.0010	-0.10	-0.0021	0.0101		
Wholesale trade and commission trade (except motor vehicles)	0.0101	1.25	0.0212	0.0079		
Retail trade	0.0033	1.07	0.0014	0.0031		
Hotels and restaurants	0.0174	2.08	0.0094	0.0083		
Land transport; transport via pipelines	0.0034	0.42	-0.0514	0.0079		
Water transport	0.0698	0.93	0.0577	0.0762		
Air transport	-0.0306	-0.79	-0.0635	0.0391		
Supporting and auxiliary transport activities	0.0462	2.65	0.0643	0.0176		
Post and telecommunication	-0.0753	-2.73	-0.0893	0.028		
Financial intermediation	-0.0048	-0.35	0.0121	0.0138		
Insurance and pension funding	0.0562	2.75	0.0428	0.0206		
Activities auxiliary to financial intermediation	-0.0285	-0.38	-0.0242	0.076		
Real estate activities	0.0155	0.86	-0.0504	0.0179		
Renting of machinery and equipment without operator and of personal and household goods	-0.0641	-0.33	-0.0448	0.1982		
Computer and related activities	0.0376	1.37	0.0380	0.0277		
Research and development	-0.0032	-0.10	-0.0250	0.0306		
Other business activities	0.0635	12.60	0.0823	0.0049		
Public administration and defence; compulsory social security	-0.0406	-11.11	-0.0724	0.0035		
Education	-0.0349	-4.14	-0.0305	0.0085		
Health and social work	0.0120	3.95	0.0225	0.003		
Sewage and refuse disposal, sanitation and similar activities	-0.0665	-1.65	-0.1059	0.0409		
Activities of membership organisations	-0.0480	-2.84	-0.0472	0.0169		
Recreational, cultural and sporting activities	0.0036	0.14	0.0063	0.0268		
Other service activities	-0.0066	-0.14	0.0343	0.0494		

	complete set of dummy variables		region-specific effects excluded		industry effects excluded	
	coefficients	t-values	coefficients	t-values	coefficients	t-values
Endogenous variable: Growth rate of employment						
Aachen	0.0073	3.49			0.0126	5.97
Allgaeu	0.0129	2.65			0.0182	3.71
Altmark	-0.0165	-1.75			-0.0307	-3.21
Arnsberg	0.0050	1.27			0.0128	3.24
Augsburg	0.0114	4.19			0.0146	5.3
Bayerischer Untermain	0.0075	1.18			0.0129	2
Berlin	-0.0182	-23.58			-0.0221	-30.72
Bielefeld	0.0041	3.01			0.0067	4.97
Black Forest North	0.0115	2.87			0.0166	4.12
Bochum/Hagen	-0.0041	-2.77			-0.0009	-0.61
Bodensee-Oberschwaben	0.0175	4.85			0.0238	6.55
Bonn	0.0037	1.43			0.0045	1.71
Braunschweig	-0.0011	-0.62			0.0005	0.31
Bremen	-0.0002	-0.08			0.0025	0.81
Bremerhaven	0.0133	2.08			0.0125	1.95
Central Hesse	0.0032	1.41			0.0074	3.22
Central Mecklenburg/ Rostock	-0.0093	-1.99			-0.0136	-2.87
Central Thuringia	-0.0124	-4.43			-0.0186	-6.62
Central Upper Rhine	0.0074	3.47			0.0092	4.28
Chemnitz-Erzgebirge	-0.0104	-4.5			-0.0177	-7.63
Cologne	-0.0046	-4.24			-0.0076	-7.11
Danube-Ilker (BW)	0.0154	3.79			0.0211	5.14
Danube-Ilker (BY)	0.0209	4.43			0.0231	4.84
Danube-Wald	0.0184	5.16			0.0222	6.17
Dessau	-0.0157	-3.59			-0.0215	-4.87
Dortmund	0.0000	-0.01			0.0022	1.06
Duisburg/Essen	-0.0051	-4.85			-0.0055	-5.11
Dusseldorf	-0.0099	-11.47			-0.0135	-16.68
East Friesland	0.0092	2.32			0.0094	2.37
East Thuringia	-0.0153	-5.25			-0.0188	-6.41
Easthesse	0.0258	3.87			0.0281	4.23
Emscher-Lippe	0.0033	1.19			0.0052	1.89
Emsland	0.0314	5.52			0.0305	5.3
Environs of Bremen	0.0186	3.61			0.0219	4.2
Franconia	0.0127	5.13			0.0161	6.41
Goettingen	0.0015	0.39			0.0079	1.97
Halle/S.	-0.0271	-10.94			-0.0342	-13.76
Hamburg	-0.0066	-6.4			-0.0096	-9.41
Hanover	-0.0057	-3.9			-0.0053	-3.58
Havelland-Flaeming	-0.0011	-0.37			-0.0079	-2.67
Hildesheim	0.0020	0.37			0.0075	1.41
Hochrhein-Bodensee	0.0151	3.89			0.0195	4.97
Industrial region Central Franconia	-0.0004	-0.24			0.0032	2.25
Ingolstadt	0.0209	5.16			0.0225	5.56
Landshut	0.0151	3.41			0.0169	3.82
Luneburg	0.0130	1.63			0.0159	1.98
Lusatia-Spreewald	-0.0137	-4.22			-0.0211	-6.46
Magdeburg	-0.0213	-9.83			-0.0277	-12.86
Main-Rhön	0.0003	0.06			0.0105	2.42
Mecklenburgische Seenplatte	-0.0137	-2.07			-0.0229	-3.43
Mittelrhein-Westerwald	0.0075	3.73			0.0105	5.16
Muenster	0.0112	7.41			0.0142	9.35
Munich	-0.0072	-7.61			-0.0115	-12.83
Neckar-Alb	0.0123	3.64			0.0170	4.97
North Thuringia	-0.0050	-0.89			-0.0132	-2.36
Northhesse	0.0030	1.21			0.0069	2.72

	complete set of dummy variables		region-specific effects excluded		industry effects excluded	
	coefficients	t-values	coefficients	t-values	coefficients	t-values
Endogenous variable: Growth rate of employment						
Oberes Elbtal/Osterzgebirge	-0.0117	-6.17			-0.0165	-8.6
Oberland	0.0169	2.88			0.0228	3.86
Oberpfalz North	0.0170	3.5			0.0203	4.17
Oderland-Spree	-0.0047	-0.96			-0.0117	-2.35
Oldenburg	0.0188	4.51			0.0198	4.7
Osnabrück	0.0157	4.83			0.0197	6
Ostwuerttemberg	0.0080	1.61			0.0136	2.71
Paderborn	0.0101	1.83			0.0172	3.11
Prignitz-Oberhavel	0.0031	0.49			-0.0048	-0.76
Regensburg	0.0210	6.62			0.0246	7.67
Rheinhausen-Nahe	0.0074	2.61			0.0093	3.28
Rhein-Main	-0.0146	-16.01			-0.0200	-23.3
Rheinpfalz	0.0040	1.56			0.0071	2.76
Saar	0.0054	2.63			0.0098	4.73
Schleswig-Holstein Central	0.0050	1.63			0.0051	1.67
Schleswig-Holstein East	0.0075	1.5			0.0122	2.42
Schleswig-Holstein North	0.0151	3.04			0.0173	3.44
Schleswig-Holstein South	0.0069	2.49			0.0108	3.87
Schleswig-Holstein South-West	0.0139	1.33			0.0135	1.27
Schwarzwald-Baar-Heuberg	0.0159	3.77			0.0253	6.14
Siegen	0.0113	2.47			0.0177	3.85
South environs of Hamburg	0.0243	4.98			0.0236	4.8
South Thuringia	-0.0026	-0.59			-0.0043	-0.94
South-East Upper Bavaria	0.0142	4.88			0.0175	5.93
Southern Upper Rhine	0.0099	4.72			0.0139	6.56
South-West Saxony	-0.0156	-4.52			-0.0205	-5.89
Starkenburger	-0.0001	-0.03			0.0012	0.5
Stuttgart	-0.0021	-2.5			-0.0042	-5.02
Suedheide	0.0198	2.58			0.0211	2.72
Trier	0.0192	3.98			0.0218	4.48
Uckermark-Barnim	-0.0007	-0.09			-0.0082	-1.04
Unterer Neckar	0.0005	0.29			0.0038	2.06
Upper Franconia East	0.0060	1.33			0.0091	2.04
Upper Franconia West	0.0086	2.25			0.0156	4.11
Upper Lusatia-Lower Silesia	-0.0208	-5.86			-0.0279	-7.79
West Saxony	-0.0209	-11.06			-0.0274	-14.42
West-Central Franconia	0.0201	3.35			0.0253	4.18
Western-Pomerania	-0.0103	-2.48			-0.0136	-3.24
Westmecklenburg	-0.0012	-0.29			-0.0100	-2.41
Westpfalz	0.0083	1.65			0.0133	2.61
Wuerzburg	0.0108	2.62			0.0174	4.18
Agglomerated areas with high population density	-0.0011	-9.64			-0.0013	-12.03
Agglomerated areas with huge centres	-0.0015	-15.89			-0.0021	-22.82
Urbanised areas of higher density	0.0008	8.59			0.0011	12.63
Urbanised areas of medium density with high level centres	0.0004	4.33			0.0005	5.54
Urbanised areas of lower density without high level centres	0.0004	5.7			0.0006	8.97
Rural areas of higher density	0.0009	9.46			0.0010	11.22
Rural areas of lower density	0.0001	2.12			0.0001	0.97
Year 1998	-0.0162	-5.86	0.0122	0.0022	-0.0360	-19.2
Year 1999	-0.0169	-6.11	0.0116	0.0022	-0.0365	-19.47
Year 2000	-0.0305	-11.01	-0.0017	0.0022	-0.0499	-26.55
Year 2001	-0.0413	-14.93	-0.0124	0.0022	-0.0606	-32.21
Year 2002	-0.0560	-20.25	-0.0270	0.0022	-0.0752	-39.97
Year 2003	-0.0499	-18.05	-0.0208	0.0022	-0.0690	-36.69
Year 2004	-0.0465	-16.79	-0.0172	0.0022	-0.0655	-34.8
Year 2005	-0.0284	-10.27	0.0009	0.0022	-0.0474	-25.19
Year 2006	-0.0279	-10.08	0.0015	0.0022	-0.0468	-24.87

	complete set of dummy variables		region-specific effects excluded		industry effects excluded	
	coefficients	t-values	coefficients	t-values	coefficients	t-values
Endogenous variable: Growth rate of employment						
io_Agriculture and hunting	0.3077	4.58	0.3249	0.0674	0.1511	9.14
io_Forestry and logging	-0.0882	-0.05	0.0738	1.7089	0.0133	0.07
io_Fishing and fish farming	0.6248	0.06	0.4910	10	0.2682	0.07
io_Mining of coal and lignite; extraction of peat	0.1681	2.26	0.1392	0.0751	-0.2578	-9.69
io_Extraction of crude petroleum and natural gas	0.1618	0.09	-0.0279	1.8855	0.1708	0.1
io_Other mining and quarrying	-0.1115	-0.43	-0.2630	0.2626	0.0459	0.72
io_Manufacture of food products and beverage	0.1662	2.46	-0.1412	0.0674	0.1675	14.15
io_Manufacture of tobacco products	0.3693	0.16	0.2406	2.283	1.0067	0.76
io_Manufacture of textiles	-0.0535	-0.21	-0.2632	0.2536	-0.0855	-2.32
io_Manufacture of wearing apparel	-0.1844	-0.59	-0.3109	0.3165	-0.2933	-1.47
io_Tanning and dressing of leather	0.1510	0.2	0.0064	0.7475	0.0205	0.06
io_Manufacture of wood (except furniture)	-0.0071	-0.03	-0.0274	0.2693	0.0104	0.45
io_Manufacture of pulp, paper and paper products	-0.1302	-0.54	-0.2228	0.2424	0.0910	3.34
io_Publishing, printing and reproduction of record media	0.1943	2.24	-0.0368	0.0872	0.1283	10.93
io_Manufacture of coke, refined petroleum and nuclear fuel	2.6562	3.64	2.6007	0.7398	0.8426	3.68
io_Manufacture of chemicals and chemical products	-0.1078	-2.48	-0.1716	0.0433	0.0928	12.03
io_Manufacture of rubber and plastic products	0.0185	0.27	-0.1335	0.0688	0.1573	11.29
io_Manufacture of other non-metallic mineral products	0.0683	0.91	-0.0177	0.0746	0.0384	2.09
io_Manufacture of basic metals	0.0216	0.42	-0.0175	0.0517	0.0825	11.31
io_Manufacture of fabricated metal products	-0.1163	-2.57	-0.2477	0.0435	0.1425	17.72
io_Manufacture of machinery and equipment	-0.1524	-3.29	-0.4209	0.0436	0.2181	19.18
io_Manufacture of office machinery and computers	0.1405	0.32	-0.0578	0.4422	-0.0064	-0.12
io_Manufacture of electrical motors and apparatus	-0.3479	-6.05	-0.4534	0.0567	0.0758	8.51
io_Manufacture of radio, television and communication equipment and apparatus	0.6557	3.92	0.4245	0.169	0.2880	11.4
io_Manufacture of medical, precision and optical instruments	0.1228	1.58	-0.1022	0.0763	0.3995	14.81
io_Manufacture of motor vehicles, trailers and semi-trailers	0.1351	2.15	-0.0012	0.0584	0.2169	25.18
io_Manufacture of other transport equipment	0.8471	5.15	0.7135	0.1661	0.4341	11.39
io_Manufacture of furniture, manufacturing n.e.c.	0.1657	1.77	0.0701	0.0941	0.0659	1.45
io_Recycling	0.2203	0.42	0.2414	0.5355	0.1530	1.75
io_Electricity, gas, steam and hot water supply	0.1804	1.11	0.0912	0.1639	0.1208	5.95
io_Collection, purification and distribution of water	1.2635	3.18	1.0925	0.4027	0.3699	2.29
io_Construction	0.4536	23.2	0.4607	0.0173	0.0306	2.97
io_Sale, maintenance and repair of motor vehicles and motorcycles; retail of automotive fuel	0.2666	4.41	0.0746	0.0602	0.3823	22.43
io_Wholesale trade and commission trade (except motore vehicles)	0.0912	2.56	-0.1087	0.0345	0.2273	23.3
io_Retail trade	0.2213	10.68	-0.0204	0.0176	0.3955	26.1
io_Hotels and restaurants	0.2322	5.05	0.0773	0.045	0.4417	31.21
io_Land transport; transport via pipelines	0.1200	4.34	0.1778	0.0278	0.2067	19.62
io_Water transport	-0.2420	-0.19	-0.5951	1.3167	1.2909	4.01
io_Air transport	1.9038	5.06	1.8510	0.382	1.8375	10.91
io_Supporting and auxiliary transportactivities	-0.0025	-0.06	-0.1333	0.0416	0.1566	24.87
io_Post and telecommunication	0.5022	4.57	0.4099	0.111	0.2950	15.86
io_Financial intermediation	0.1339	3	-0.0403	0.0443	0.1901	23.31
io_Insurance and pension funding	-0.0627	-0.82	-0.1511	0.0769	0.2280	16.21
io_Activities auxiliary to financial intermediation	0.2485	1.41	0.1433	0.1784	0.2365	10.85
io_Real estate activities	0.3679	3.04	0.5312	0.1225	0.6246	21.6
io_Renting of machinery and equipment without operator and of personal and household goods	0.3696	0.63	0.1948	0.5977	0.2454	5.1
io_Computer and related activities	0.2109	1.75	0.0506	0.1216	0.4682	32.7
io_Research and development	0.2974	1.87	0.2121	0.1608	0.3952	12.06
io_Other business activities	0.0583	3.45	-0.1041	0.0138	0.3014	48.21
io_Public administration and defence; compulsory social	0.7749	20.6	0.7200	0.0335	0.5739	24.83
io_Education	1.1076	9.56	0.5454	0.1119	0.9436	30.98
io_Health and social work	0.4226	12.16	-0.0463	0.0256	0.7584	36.11
io_Sewage and refuse disposal, sanitation and similar activities	0.3357	2.25	0.3401	0.1516	0.1750	5.75
io_Activities of membership organisations	0.4902	5.45	0.2889	0.089	0.3568	21.65
io_Recreational, cultural and sporting activities	0.2309	2.05	0.0548	0.1138	0.3416	22.75
io_Other service activities	0.3195	1.19	-0.0983	0.2716	0.3990	14.03