

Supplemental Appendix

The Declining Local Bias of Entrepreneurship in the United States

Appendix Table 1: Regression estimates of the local bias of entrepreneurship

	1970	1980	1990	2000	2010	2018
White Men LBE Estimate (F1 Panel A)	0.081*** (0.007)	0.059*** (0.007)	0.040*** (0.006)	0.030*** (0.005)	0.025*** (0.005)	0.018** (0.006)
Full time only	0.086*** (0.007)	0.067*** (0.007)	0.048*** (0.006)	0.035*** (0.005)	0.036*** (0.006)	0.029*** (0.006)
Total Sample LBE Estimate (F1 Panel B)	0.061*** (0.007)	0.039*** (0.006)	0.019*** (0.005)	0.009* (0.004)	0.001 (0.004)	-0.008 (0.005)
Full time only	0.071*** (0.007)	0.052*** (0.007)	0.030*** (0.006)	0.017*** (0.004)	0.013** (0.005)	0.004 (0.006)
Incorporated only	0.023* (0.011)	0.026** (0.008)	0.023** (0.008)	0.014* (0.006)	0.006 (0.006)	-0.001 (0.005)
Unincorporated only	0.077*** (0.007)	0.057*** (0.007)	0.031*** (0.006)	0.017*** (0.005)	0.017** (0.006)	0.008 (0.007)
Top 10 LBE industries in 1980	0.089*** (0.008)	0.071*** (0.006)	0.054*** (0.006)	0.040*** (0.005)	0.032*** (0.005)	0.025** (0.005)
Next 40 LBE industries in 1980	0.028*** (0.005)	0.017*** (0.004)	0.004 (0.004)	-0.001 (0.005)	-0.010 (0.005)	-0.020** (0.007)
All other industries	0.014 (0.010)	-0.000 (0.009)	-0.016* (0.006)	-0.032*** (0.005)	-0.036*** (0.004)	-0.043*** (0.004)

Note: See Figure 1. Each entry in the table is from a separate regression. LBE regressions model a (0,1) dependent variable for state of residence being the same as state of birth. Reported coefficients are from an indicator variable for being self-employed, with wage work as the omitted category. Regressions controls include indicator variables for gender, race, marital status, number of own children in household, age, education (five categories), and regions (nine categories). Total Sample includes all adults (18-65) who identify as either wage workers or self-employed. Full-time sample restricts to those working 30+ hours/week and 40+ weeks/year. Regressions are unweighted and cluster standard errors by state. Regressions analyzing incorporated vs. unincorporated self-employed are restricted to those who work full time. Top 10 LBE industries in 1980 include agricultural production, crops; agricultural production, livestock; all construction; trucking service; eating and drinking places; beauty shops; real estate, including real estate-insurance; automotive repair and related services; grocery stores; and legal services.

Appendix Table 2: Trends in U.S. self-employment

		Distribution within each period (sum to 100%)				
		Total count	Local and high capital	Local and low capital	Mover and high capital	Mover and low capital
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Non WM	1970	1,571,400	0.293	0.275	0.203	0.229
Non WM	1980	2,564,660	0.271	0.258	0.222	0.250
Non WM	1990	4,718,879	0.161	0.324	0.173	0.342
Non WM	2000	6,208,368	0.110	0.332	0.149	0.408
Non WM	2010	7,325,814	0.089	0.320	0.140	0.450
Non WM	2018	7,579,452	0.083	0.318	0.128	0.471
White Men	1970	5,092,950	0.386	0.280	0.159	0.176
White Men	1980	6,547,700	0.305	0.322	0.145	0.228
White Men	1990	7,145,784	0.238	0.352	0.135	0.274
White Men	2000	7,572,690	0.181	0.382	0.116	0.320
White Men	2010	8,243,194	0.154	0.382	0.109	0.355
White Men	2018	7,396,956	0.148	0.374	0.109	0.369
Total	1970	6,664,350	0.364	0.278	0.169	0.188
Total	1980	9,112,360	0.295	0.304	0.167	0.234
Total	1990	11,864,663	0.207	0.341	0.150	0.301
Total	2000	13,781,058	0.149	0.360	0.131	0.360
Total	2010	15,569,008	0.123	0.353	0.124	0.400
Total	2018	14,976,408	0.115	0.346	0.119	0.421

Notes: See Figure 2. Self-employment counts are calculated from IPUMS data.

Appendix Table 3: Industry data on U.S. startup capital requirements

Industry	Count of self-employed in 2018 (thousands)	Share of businesses with 0-3 employees in 2007 SBO reporting \$50,000 or more startup financing
Agriculture, Landscape/Horticulture, Forestry, Fishing	1,133,744	28.5
Mining and Petroleum Refining	33,788	31.9
Construction	2,497,086	10.6
Food Manufacturing	41,022	42.5
Textile Manufacturing	40,170	17.9
Paper Mfg, Printing, Publishing, and Allied Industries	100,772	22.9
Chemicals and Allied Products	19,953	28.3
Rubber and Leather Manufacturing	11,761	30.3
Lumber and Wood Products Manufacturing	33,314	25.6
Furniture Manufacturing	39,018	15.5
Stone, Clay, Glass and Concrete Manufacturing	19,316	22.7
Metal Industries Manufacturing	39,868	25.4
Machinery Manufacturing	48,446	24.1
Computing and Electrical Equipment Manufacturing	43,487	23.5
Transportation Equipment Manufacturing	24,199	26.4
Miscellaneous Manufacturing	71,669	18.7
Transportation	761,839	19.8
Communications	77,355	18.6
Utilities	48,420	27.3
Wholesale Trade - Durable Goods	147,515	20.1
Wholesale Trade - Nondurable Goods	161,285	23.2
Retail Trade - General Merchandise	89,883	30.4
Retail Trade - Food, Drug, Liquor	175,512	31.9
Retail Trade - Vehicles, Home Supply, Gasoline	136,513	30.6
Retail Trade - Consumer Durables (Mostly)	765,984	25.4
Retail Trade - Restaurants	443,573	27.4
Finance, Insurance	390,048	19.1
Real Estate	685,912	22.6
Business and Repair Services	1,808,193	13.8
Personal Services - Lodging	38,049	48.9
Personal Services - Beauty/Barber + Misc Personal	1,663,233	21.9
Entertainment and Recreation	289,328	22.3
Medical Professional Offices	338,685	28.2
Hospitals + Residential Care Facilities	74,401	27.8
Health Services Unspecified	349,203	24.0
Legal Services	312,210	8.7
Professional Services - Education and Childcare	731,745	13.6
Misc. Professional Services	1,289,909	11.3

Notes: See Figure 2. Industries developed by authors to consistently model IPUMS industries over time and have sufficient sample size to pass Census Bureau disclosure statistics. Industries with greater than 24% of businesses in 2007 SBO reporting \$50,000 or more startup financing are above median in financing requirements. See Colaiacovo et al. (2025).

Appendix Table 4: Mincerian regressions for income across sectors

	1970	1980	1990	2000	2010	2018
	(1)	(2)	(3)	(4)	(5)	(6)
A. DV is (0,1) for incomes of \$50,000 or more in real 2000 dollars						
Reference group is wage workers living in state of birth						
(0,1) Self-employed and living in state of birth	0.0930*** (0.0016)	0.0823*** (0.0010)	0.0448*** (0.0009)	0.0415*** (0.0009)	0.0241*** (0.0009)	0.0164*** (0.0009)
(0,1) Self-employed and moving from state of birth	0.1315*** (0.0023)	0.1135*** (0.0013)	0.0662*** (0.0011)	0.0495*** (0.0010)	0.0197*** (0.0009)	0.0008 (0.0009)
(0,1) Wage worker and moving from state of birth	0.0261*** (0.0008)	0.0258*** (0.0004)	0.0272*** (0.0004)	0.0253*** (0.0004)	0.0323*** (0.0004)	0.0360*** (0.0004)
Individual covariates and state fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,057,041	3,279,392	3,972,891	4,668,001	4,919,731	5,070,247
B. DV is (0,1) for above 95th percentile in income						
Reference group is wage workers living in state of birth						
(0,1) Self-employed and living in state of birth	0.1151*** (0.0014)	0.1116*** (0.0009)	0.0836*** (0.0007)	0.0703*** (0.0006)	0.0642*** (0.0006)	0.0548*** (0.0007)
(0,1) Self-employed and moving from state of birth	0.1549*** (0.0021)	0.1425*** (0.0012)	0.1109*** (0.0009)	0.0912*** (0.0008)	0.0750*** (0.0007)	0.0592*** (0.0007)
(0,1) Wage worker and moving from state of birth	0.0136*** (0.0005)	0.0158*** (0.0003)	0.0167*** (0.0003)	0.0166*** (0.0002)	0.0234*** (0.0002)	0.0259*** (0.0002)
Individual covariates and state fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,057,041	3,279,392	3,972,891	4,668,001	4,919,731	5,070,247

Notes: See Figure 3. Estimations use data from the 1970-2000 Decennial Censuses and the 2006-2010 and 2014-2018 ACS. Sample is limited to individuals who report usually working at least 30 hours per week, at least 40 weeks/year. Estimations include unreported controls for gender, race, education, and age and fixed effects for states. Regressions are unweighted and report robust standard errors. * p<.1, ** p<.05, *** p<.01