

“Trade liberalization, Industry Location and Sub-national Development in Argentina”  
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The paper analyzes the determinants of industry employment location across Argentine provinces. On one hand, we looked at those determinants suggested by the traditional trade theory emphasizing the role of factor endowments. On the other hand, we explored the role of economies of scale combined with easy access to large markets and the presence of agglomeration economies spurred by input-output linkages, factors that figure prominently in “new economic geography” literature. The empirical results suggest that both factor endowments and agglomeration economies have played a key role in shaping the distribution of employment shares across industries and provinces in Argentina. The presence of natural resources such as oil and arable land helped some jurisdictions attract industrial employment. Skill labor also played a positive role in promoting industrial employment. At the same time, though we identify that agglomeration economies had a positive and significant effect on location decisions, this is not the case for economies of scale cum domestic market access. Trade policy has also contributed to concentrated (de-concentrate) industrial activities near the Buenos Aires area for those sectors that were subject to larger (lower) rates of protection. Finally, regional policies like tax exceptions and subsidies have had a significant effect in industry employment for some of the provinces that benefited from these regimes.