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## What are Falling Transport Costs Doing to Spatial Concentration Across Us Counties?

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### Abstract

Theory is divided on whether falling transport costs lead to more or less spatial concentration of economic activity. Using US county-level data we find that aggregate employment became more concentrated between 1972-92. This aggregate picture hides important differences between sectors though. Whereas non-service sectors have been spreading out, service sectors have become increasingly concentrated by absorbing jobs from nearby areas. This cross-sectional variation lends support to Krugman and Venables (1995), who suggest that falling transport costs initially lead to more concentration, and later on to more dispersion.

**Keywords:** Spatial concentration, transport costs, US counties, location

**JEL Classification:** R11, R12

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