

U.S. Census is being self-employed, but entrepreneurship scholars often question the idea that every self-employed person is an entrepreneur.

not capture the scale of an enterprise or its success, which means that

using self-employment to capture entrepreneurship produces some anomalous results. For example, according to the Census, the West

Palm Beach metropolitan area has by far the highest self-employment rate in the country while the San Jose metropolitan area, which includes Silicon Valley, has one of the lowest. Unlike many entrepreneurship scholars, we do think that the large numbers of moderate earning, self-employed individuals in West Palm Beach, over the age of 55, should be considered entrepreneurs, but any measure that qualifies San Jose as non-entrepreneurial is clearly deeply flawed.

Two alternative measures, both

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By Edward Glaeser and William R. Kerr  
The small-firm firms far in the past have tended to do better. Unsurprisingly, local policy makers who are looking for ways to rev the economic engines of their cities are interested in policies that can generate more entrepreneurship. Therefore, understanding the determinants of entrepreneurship can help guide the development of more effective economic development policies, both locally and nationally.

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The first problem in assessing the causes of local entrepreneurship is measurement. While the giants of economic history, like Joseph Schumpeter and Frank Knight, wrote great books explaining the value of entrepreneurship, they did not leave us with a clear, empirically usable definition of it.

Rappaport Institute/Taubman Center Policy Briefs are short overviews of new and notable research on key issues by scholars affiliated with the Institute and the Center. This Policy Brief is based on "Clusters of Entrepreneurship," an article by Edward L. Glaeser, William R. Kerr, and Giacomo A.M. Ponzetto that appeared in the January 2010 issue of the Journal of Urban Economics, and "Local Industrial Conditions and Entrepreneurship: How Much of the Spatial Distribution Can We Explain?" an article by Edward L. Glaeser and William R. Kerr that appeared in the September 2009 issue of the

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