Regional Entrepreneurship Culture and Economic Development

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We use the historical self-employment rate as indicator for a regional culture of entrepreneurship and link this measure to economic growth in recent periods. The results indicate that German regions with a high level of entrepreneurship in the mid-1920s have above average levels of GDP per capita today. These regions also have higher start-up rates about 80 years later. Furthermore, we find that the effect of current start-up activity on regional employment is significantly higher in regions with a pronounced entrepreneurial culture. We conclude that a regional culture of entrepreneurship is an important resource for regional growth.