

From Serfdom to Freedom: The Human Capital Origins of the Emancipation of Labor



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Zur Person: PhD in Economics (LMU), derzeit Senior Research Fellow am Max Planck Institut für Steuerrecht und Öffentliche Finanzen, **Forschungsschwerpunkte:** Empirische Mikroökonometrie, insbesondere Wirtschaftswachstum, Technologischer Fortschritt, Wirtschaftsgeschichte, Finanzwissenschaft, Bildungsökonomik, **Ausgewählte Publikationen:** Railroads and Growth in Prussia, forthcoming in *Journal of the European Economic Association*; Immigration and the Diffusion of Technology: The Huguenot Diaspora in Prussia, *American Economic Review*, 104(1), 2014, 84-122.

Abstract: Under serfdom, the institution of labor coercion discourages serfs from acquiring human capital to increase productivity. This paper argues that the abolition of serfdom occurs as a strategic decision of the elite to increase their income. Our model predicts a capital-labor ratio above which the elite's income from abolishing serfdom exceeds income from coercion. Over time, the accumulation of physical capital in the hands of the elite increases the importance of human capital in the production process due to a high complementarity between physical and human capital. Consequently, the elite needs to incentivize investment in human capital to maximize returns from their investment in physical capital. The abolition of labor coercion constitutes the elite's commitment to trigger investments in education and allows former serfs to reap the benefits of investment in human capital. We test the predictions of the model using data on the step-wise emancipation from labor coercion in nineteenth-century Prussia. Our findings show that emancipation from serfdom occurs earlier in regions with an initially larger stock of physical capital. Furthermore, we provide evidence consistent with the hypothesis that regions where coercion was ended comparatively early subsequently exhibit a higher level of school enrollment.