

## Human Capital and Institutions *A Long Run View*

*Human Capital and Institutions* is concerned with human capital in its many dimensions and brings to the fore the role of political, social, and economic institutions in human capital formation and economic growth. Written by leading economic historians, including pioneers in historical research on human capital, the chapters in this text offer a broad-based view of human capital in economic development. The issues they address range from nutrition in premodern societies to twentieth-century advances in medical care; from the social institutions that provided temporary relief to workers in the middle and lower ranges of the wage scale to the factors that affected the performance of those who reached the pinnacle in business and art; and from political systems that stifled the advance of literacy to those that promoted public and higher education. Just as human capital has been a key to economic growth, so has the emergence of appropriate institutions been a key to the growth of human capital.

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Kenneth L. Sokoloff (1953–2007) was Professor of Economics at the University of California, Los Angeles, and research associate at the National Bureau of Economic Research.

# Human Capital and Institutions

## *A Long Run View*

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## In Memoriam: Kenneth L. Sokoloff

Kenneth L. Sokoloff, who was a close collaborator of Stanley Engerman, passed away prematurely on May 21, 2007. This volume is an occasion to also acknowledge his contributions.

It seems particularly fitting to evoke Sokoloff's work on endowments and institutions because he began it as part of a dissertation completed under the supervision of Robert Fogel at Harvard in 1982. This part of his research was closest to that pursued by Engerman, a co-author and close collaborator of Fogel's, and what had been a long-running conversation blossomed into full-fledged collaboration in the 1990s.

Much of Sokoloff's research has focused on the interaction between the expansion of markets and productivity growth. In his early work on industrialization he emphasized the importance of market forces in spurring firms to reorganize their modes of production. This theme recurred in his work on the relationship between agricultural seasonality and the adoption of capital intensive methods of manufacturing. He also reprised this approach in his work on patenting and invention, in which he showed that patenting rates were much higher in counties traversed by navigable waterways and that repeat inventors were likely to move to such counties as they pursued the returns to their discoveries. Over time, however, Sokoloff became more deeply concerned with understanding how endowments and institutions co-evolved, rather than simply attributing primacy in economic outcomes to one or the other. It was this latter set of interests that brought him to work closely with Engerman.

In a 1997 jointly authored paper, "Factor Endowments: Institutions, and Differential Paths of Growth Among New World Economies: A View from Economic Historians of the United States," Engerman and Sokoloff turned to a fundamental puzzle of American economic history. Why was it that those areas that were the most economically successful before 1800 have generally fared poorly in the period after 1850? They argued that the endowments Europeans found on arrival played a far more critical role in shaping early

institutions than the colonists' political, religious, or legal backgrounds. On the one hand, where slave-based agriculture took root, institutions hardened over time to ensure the continued unequal distribution of economic and political rights. These institutions did not prove much of a hindrance to prosperity for staple export economies, but they made the transition to the higher income afforded by modern economic growth virtually impossible. On the other hand, where slave-based agriculture was not profitable, institutions developed that allowed easy immigration, access to land, and relatively open political rights, enabling these countries to benefit from the opportunities that industrial development later presented. Sokoloff and Engerman emphasized that a variety of institutional arrangements were tried in each ecological zone but that economies quickly adjusted to take advantage of their endowments. After the publication of their original article, Sokoloff, Engerman, and their co-authors would pen nearly a dozen papers that provided detailed empirical evidence for their argument. These articles have been massively cited and helped persuade economists of the importance of history to understanding economic outcomes.

Our discipline has lost a leader. His personal generosity, intellectual openness, and dedication to the careful gathering of empirical evidence were unparalleled. His commitment to uncovering the sources of long-term economic growth lives on in his students, colleagues, and, we hope, the discipline.

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