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Migration, human capital and labour productivity

The international maritime labour market in Europe, c. 1650-1815

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The maritime sector was a key sector of the early modern European economy: pre-modern growth was to a large extent dependent on processes of commercialization and specialization, based on cheap transport. Moreover, the maritime sector was one of the largest employers in the maritime European economies, and was characterized by high levels of long-distance labour mobility, making it the most international of the pre-industrial labour markets. Seminal interpretations of the process of economic growth before the Industrial Revolution have pointed to the strategic importance of the rise of the European economy and the interlinked growth of cities (Acemoglu et al., 2005; Allen, 2001, 2007; Wrigley, 1985, 1990).

These studies, have not, however, sufficiently explained why Europeans were so efficient in organizing large international networks of shipping and trade, nor why performance levels differed so strongly between European countries, with Northern Europe, in particular the Netherlands and England, being the most successful and Southern Europe lagging behind significantly. With regard to shipping, existing studies of economic performance in the maritime sector have predominantly focused on capital inputs, for instance by looking at improvements in ship design (Unger, 1978; Unger and Lucassen, 2000). This means that they have all but neglected alternative explanations, such as the importance of improvements in the quality of the labour force, (which in any case is likely to achieve a qualitative advantage if technology improves) or the way in which (international) labour mobility may have promoted or facilitated economic growth.

The project will investigate the roots of economic performance in the maritime sector of the early modern Europe by analysing the determinants of labour productivity. While taking into account alternative determinants, such as capital inputs, the focus will be on the effect of human capital formation (or skill levels) of workers in the maritime labour market. New growth theory postulates that human capital formation is an important determinant of long-term economic growth (Lucas, 2002), and can thus explain different economic trajectories. Similarly, studies of contemporary labour mobility have pointed out the potential positive effect of labour migration on economic performance, not only because labour is an essential production factor, but also because the influx of skilled workers into an economic sector will increase its human capital stock (Lucas, 2005).

Although for a long time human capital formation before the Industrial Revolution has been put forward as a way of explaining economic performance, especially in the work of Mokyr (2002, 2010), much of the emphasis has been put on the use of knowledge in the production process – so-called propositional knowledge – and much less on the skills acquired by ‘common workmen’, to use Adam Smith’s terms. Recent studies of Europe before the Industrial Revolution have, however, indicated that human capital of ‘ordinary’ workers may have had a much larger impact on economic performance than was previously assumed (Van Zanden, 2009; A’Hearn et.al., 2009; Humphries, 2003). At the same time, labour migration has been identified as one of the key explanations for the economic success of England and the Dutch Republic during the early modern period. England and the Dutch Republic are thought to have profited from a highly elastic labour supply that reacted strongly to demand impulses stemming from the two economies (Lucassen, 1995, 2001; Van Lottum, 2007, 2010). Nevertheless, as a result of inadequate data with which to address these two important issues, a rigorous quantitative analysis of the impact of human capital and labour mobility on economic performance is still non-existent.

However, by using a previously unexplored source for this type of analysis, the project will produce three large and detailed datasets that would allow for the first time an effective analysis of the link between human capital formation, labour mobility and economic performance in the maritime sector, in itself a key economic sector for all countries in the North Atlantic region between c. 1650 to 1815. This project aims not only to fill an important lacuna in the economic history of Europe, but will also address issues that play an important role in the current debate on the importance of human capital in general, and that of the importance of the quality of migrants for economic performance in particular. The project therefore not only aims to shed light on the impact human capital and labour migration on historical economies, it also explicitly seeks to provide a context for the discussion of contemporary developments and as such to contribute to the current debate on the impact of migration on economic performance and related issues such as brain drain, brain gain and immigration caps in the UK and beyond.

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