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**Working Paper**

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CESifo Working Paper, No. 5485

**Provided in Cooperation with:**

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*Suggested Citation:* Franck, Raphaël; Galor, Oded (2015) : The Complementary between Technology and Human Capital in the Early Phase of Industrialization, CESifo Working Paper, No. 5485, Center for Economic Studies and ifo Institute (CESifo), Munich

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## The Complementary between Technology and Human Capital in the Early Phase of Industrialization

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CESIFO WORKING PAPER NO. 5485

CATEGORY 6: FISCAL POLICY, MACROECONOMICS AND GROWTH  
AUGUST 2015

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ISSN 2364-1428

# The Complementary between Technology and Human Capital in the Early Phase of Industrialization

## Abstract

The research explores the effect of industrialization on human capital formation. Exploiting exogenous regional variations in the adoption of steam engines across France, the study establishes that in contrast to conventional wisdom that views early industrialization as a predominantly deskilling process, the industrial revolution was conducive for human capital formation, generating broad increases in literacy rates and education attainment.

JEL-Code: N330, N340, O140, O330.

Keywords: capital-skill complementarity, economic growth, industrialization, human capital, steam engine.

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This Version: July 21st, 2015

We thank Mario Carillo, Gregory Casey, Pedro Dal Bo, Martin Fiszbein, Gregory Casey, Marc Klemp, Stelios Michalopoulos, Natacha Postel-Vinay, Assaf Sarid, Yannai Spitzer and David Weil for helpful comments and discussions. We thank Guillaume Daudin and Nico Voigtländer for sharing their data with us.

# 1 Introduction

While it is widely recognized that technology-skill complementarity has characterized the nature of technology in advanced stages of development, the predominant view has been that the industrial revolution in its early phases has largely been a deskilling process (Mokyr, 1993; Goldin and Katz, 1998; Acemoglu, 2002). This deeply entrenched view of the nature of the industrial revolution has been based on anecdotal evidence that has focused nearly exclusively on the adverse effect of factories and the assembly line on artisans.<sup>1</sup> Indeed, the industrial revolution was associated with the destruction of these old skills. Nevertheless, as has been the case in any technological revolution that is associated with creative destruction, it is not implausible that the industrial technology generated a demand for new skills while rendering existing ones obsolete.

The research explores the effect of industrialization on human capital formation. In contrast to conventional wisdom that views early industrialization as a predominantly deskilling process, the study establishes that the industrial revolution was conducive to human capital formation, generating broad increases in literacy rates and education attainment. The research therefore lends further credence to the emerging view that human capital was instrumental in the transition from stagnation to growth (Galor and Weil, 2000; Galor and Moav, 2002; Galor and Mountford, 2008; Galor, 2011).

The study utilizes French regional data from the first half of the 19th century to explore the impact of the adoption of industrial technology on human capital formation. It establishes that regions which industrialized earlier experienced a larger human capital formation. Nevertheless, the observed relationship between industrialization and human capital formation may reflect the effect of human capital on the adoption of industrial technology and the persistent effect of pre-industrial characteristics (e.g., economic, institutional and cultural forces) on the joint evolution of industrialization and human capital formation.<sup>2</sup> Thus, the research exploits exogenous regional variations in the adoption of steam engines across France to assess the effect of industrialization on human capital formation.<sup>3</sup>

In light of the use of the steam engine in the early phase of industrialization (Mokyr, 1990; Bresnahan and Trajtenberg, 1995; Rosenberg and Trajtenberg, 2004), the study exploits the historical evidence regarding the regional diffusion of the steam engine (Ballot, 1923; Sée, 1925; Léon, 1976) to identify the impact of regional variations in the number of steam engines in 1839-1847 on

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<sup>1</sup>This deeply entrenched view regarded literacy as largely a cultural skill or a hierarchical symbol with a limited role in the production process in the first stage of industrialization (Mitch, 1992).

<sup>2</sup>Squicciarini and Voigtländer (2015) establish that the upper tail of the human capital distribution in the second half of the 18th century had a positive effect on urbanization and wages in specific industrial sectors in the subsequent decades.

<sup>3</sup>A steam engine was first employed for industrial purposes in a coal mine near Wolverhampton (England) in 1712. In the two decades that followed, steam engines were gradually used in different parts of continental Europe. See Mokyr (1990, p.85).

human capital formation. Specifically, it exploits the distances between the administrative center of each French department and Fresnes-sur-Escaut, where a steam engine was first used for industrial purpose in 1732, as exogenous source of variations in industrialization across France.<sup>4</sup>

The study establishes that the number of steam engines in industrial production in the 1839-1847 period had a positive and significant impact on the formation of human capital in the early stages of the industrial revolution. A larger number of steam engines in a given department in 1839-1847 had a positive and significant effect on the number of teachers in 1840 and 1863, on the share of pupils in primary schools in the population in 1840 and 1863, the share of apprentices in the population in 1863, as well as on the share of literate conscripts (i.e., 20-year old men who had to report for military service) over the 1847-1856 and 1859-1868 periods.

The results of the empirical analysis are robust to the inclusion of a wide array of exogenous confounding geographical and institutional characteristics, as well as for pre-industrial development, which may have contributed to the relationship between industrialization and human capital formation. First, the study accounts for the potentially confounding impact of exogenous geographical characteristics of each French department on the relationship between industrialization and investments in education. It captures the potential effect of these geographical factors on the profitability of the adoption of the steam engine and the pace of its regional diffusion, as well as on productivity and human capital formation, as a by-product of the rise in income rather than as an outcome of technology-skill complementarity. Second, the analysis captures the potentially confounding effects of the location of departments (i.e., latitude, border departments, maritime departments, and the distance to Paris) on the diffusion of the steam engine and the diffusion of development (i.e., income and education). Third, the study accounts for the differential level of development across France in the pre-industrial era that may have had a joint impact on the process of industrialization and the formation of human capital. In particular, it takes into account the potentially confounding effect of the persistence of pre-industrial development and the persistence of pre-industrial literacy rates.

The remainder of this article is as follows. Section 2 provides an overview of schooling and literacy in the process of industrialization in France. Section 3 presents our data. Section 4 discusses our empirical strategy. Section 5 presents our main results and Section 6 our robustness checks. Section 7 provides concluding remarks.

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<sup>4</sup>As established below, the diffusion of the steam engines across the French departments, i.e., the administrative divisions of the French territory created in 1790, is orthogonal to the distances between each department and Paris, the capital and economic center of the country.

## 2 Schooling and Literacy in the Process of Industrialization in France

France was one of the first countries to industrialize in Europe in the 18th century and its industrialization continued during the 19th century. However, by 1914, its living standards remained below those of England and it had been overtaken by Germany as the leading industrial country in continental Europe. The slower path of industrialization in France has been attributed to the consequences of the French Revolution (e.g., wars, legal reforms and land redistribution), the patterns of domestic and foreign investment, cultural preferences for public services, as well as the comparative advantage of France in agriculture vis-a-vis England and Germany (see the discussion in, e.g., Lévy-Leboyer and Bourguignon, 1990; Grantham, 1997; Crouzet, 2003).

### 2.1 Schooling in France before and during the Industrial Revolution

Prior to the French Revolution in 1789, the provision of education in the contemporary French territory was predominantly left to the Catholic Church, reflecting the limited control of the central government and the lack of linguistic unity across the country (Weber, 1976). However, the evolution of state capacity, national identity, and linguistic uniformity over the centuries intensified the involvement of the state in the provision of education while diminishing the role of the church during the 19th century.

#### 2.1.1 Education Prior to the French Revolution

Until the rise of Protestantism in the 16th century, the Catholic Church provided education primarily for the privileged members of society (Rouche, 2003). However, the spread of Protestantism, and the rise in the emphasis on literacy as a means to understand the Holy Scripture, had altered the attitude of the Catholic Church with respect to the provision of education. The Catholic educational system had progressively become intertwined with its mission of salvation. Several religious orders viewed education as their principal mission. The Jesuits had gradually focused their efforts on the education of children from the aristocratic classes while the Frères des Ecoles Chrésiennes (Brothers of Christian Schools) led by Jean-Baptiste de la Salle (1651-1719) sought to provide free education to the masses. Moreover, female religious communities (e.g., Ursulines, Filles de la Charité) provided schooling for girls (Lebrun et al., 2003).

The nature of the education provided by the Church over this period was not subjected to interference from the central government. In fact, except for the universities which were controlled by the State from the late 16th century, the various Catholic orders had built an education system which was independent from the French kings.<sup>5</sup> However, the monopoly of the Church in the

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<sup>5</sup>Nevertheless, some conflicts over the nature of schooling took place between the Jesuits and the Universities as

provision of education ended abruptly during the French Revolution in 1789.

### 2.1.2 Education in the Aftermath of the French Revolution

The transformation of the French society during the Revolution in 1789 affected the provision of education as well. In particular, article 22 of the Declaration of the Rights of Man and of the Citizen in 1793 explicitly stated that education is a universal right. Nevertheless, the Constitution of First French Republic (1792-1799) did not underline the role of state-funded secular education. The demise of the Catholic Church (e.g., the confiscation of its property and the imprisonment and execution of priests) during the French Revolution devastated its ability to remain the provider of education, but secular education was nevertheless slow to emerge (Godechot, 1951; Tackett, 1986).

The rise of Napoleon Bonaparte to power (1799-1815) and his interest in maintaining the relationship with Rome, permitted the Church to regain a prominent position in the provision of education.<sup>6</sup> In particular, according to the 17th March 1808 decree on education, the Frères des Ecoles Chrétiennes were left in charge of primary schooling and of training teachers while school curriculum was to be conform to the teachings of the Catholic Church. However this decree also created a secular body – the *Université* – that was assigned the management of public (secular) education. Throughout the 19th century, the *Université* would try to counter the Church’s influence in the education system (Mayeur, 2003).

After Napoleon’s fall in 1815 and the accession to power of King Louis XVIII (1815-1824), from the senior branch of the Bourbon family, strengthened initially the educational monopoly of the Church. In particular, the 29 February 1816 law required local priests to certify the morality of primary school teachers. However after the 1827 parliamentary election of a more liberal government, primary school teachers were placed under the authority of the Université, against the wishes of the Church.

The 1830 Revolution which overthrew King Charles X (1824-1830), Louis XVIII’s brother and successor, installed King Louis-Philippe I (1830-1848), from the cadet Orléans branch of the Bourbon family and put in power members of the liberal bourgeoisie who were rather hostile to the Catholic Church. This led Catholics to lobby for an educational network of their own outside the control of the State, under the guise of “freedom of education”. Ultimately, François Guizot, King Louis-Philippe I’s Prime Minister, enacted the 28 June 1833 law which reshaped schooling in France and enabled the Church to organize its own private education system. In addition, the Church retained its influence over the curriculum of public schools (e.g., religious instruction

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well as between various religious Congregations. In particular, the Jesuits were expelled by King Louis XV in 1764 and their school network was overtaken by the Oratorians.

<sup>6</sup>This state of affairs suited Napoleon Bonaparte because the Concordat (the 1801 treaty which he had signed with Pope Pius VII and which structured the relationship between the French State and the Church), provided him control over the appointment of bishops.

remained mandatory while the Frères des Ecoles Chrésiennes were often employed as teachers in public schools). The organization of secondary schooling became the main point of contention between the Church and its opponents and it was only after the fall of Louis-Philippe I in 1848 and the establishment of the Second Republic (1848-1851) that the Church was allowed to organize its own network of secondary schools while obtaining subsidies from the State and local governments (15 March 1850 law enacted by Education minister Alfred de Falloux). Moreover towns were not obliged to fund a public primary school if there was already a private (i.e., Catholic) school in their jurisdiction, and teachers had to fulfill the religious duties prescribed by the Church (27 August 1851 regulation).

Interestingly enough, technical education was less of a battleground between the State and the Church than general primary schooling. This might have been due to the lesser importance of technical education in a period where training on the job was widespread. Nonetheless the 28 June 1833 law which reshaped schooling in France also established “schools of higher primary education” that provided the basics of technical education (Marchand, 2005). But it took another 18 years before the 22 February 1851 law formally established schools for apprentices. Still a decade later, few students attended these apprentice schools and most of those who did were enrolled in public schools, not in religious schools (de l’Instruction Publique, 1865). Conversely, in the 1850s and early 1860s, enrollment in Catholic primary schools, especially for girls, was growing at the expense of enrollment in public primary schools. This led Victory Duruy, the education minister of Napoleon III (1851-1870) after 1863, to counter the decline in public schooling, thereby initiating a conflict between Catholics and secular politicians which would reach its climax after the establishment of the Third Republic.

### **2.1.3 Education From the Establishment of the Third Republic to World War I**

Following the demise of the Napoleon III’s Empire in 1870 and the establishment of Third Republic (1875-1940), France became divided between Republicans and Monarchists. The latter received most of their support from the Catholics who were hostile to the Republic whom they associated with the persecutions during the 1789 Revolution. This political stance was shared by the clergy and the laity, as well as by intransigent and liberal Catholics alike. But the Catholic opposition to the Republic was matched by the Republicans’ hostility to the Church and their determination to turn France into a more secular society (Franck, 2015).<sup>7</sup> In particular, in an attempt to crowd out Catholic schooling, in the 1880-1890 period the Republicans increased public spending on primary schooling and in 1881 and 1882 they promoted free, secular and mandatory education until age 13.<sup>8</sup> However enrollment in Catholic schools, especially in primary schools for girls, remained high

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<sup>7</sup>For instance, the 27 July 1882 law relegalized divorce.

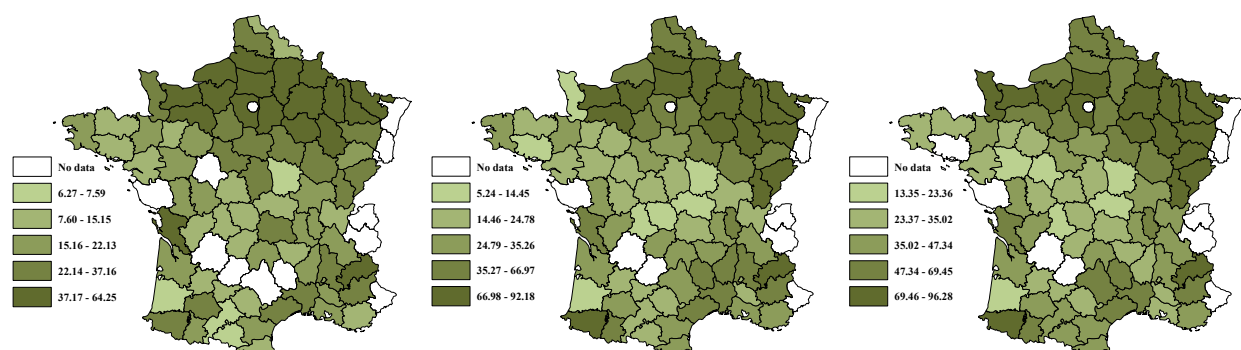
<sup>8</sup>Before the 20 June 1881 law, all parents but the poorest ones who wanted to enroll their children in school had to pay fees called *r tribution scolaire* which had been established by the 3 Brumaire An IV (25 October 1795)



(Mayeur, 1979).

At the turn of the 20th century, the Republicans realized that their attempt to crowd out the schooling system of the Church had failed and used their legal power to renew their attacks. They passed the 1 July 1901 law which, de facto, prevented monks and nuns from teaching, thereby forcing many Catholic schools to close. Four years later, the Republicans separated Church and State (Franck, 2010): the French state protected freedom of conscience but stopped recognizing official religions and ended subsidies to religious groups. In theory, Catholic schools had become private institutions outside the scope of the French government's reach. In practice, however, the Republicans wanted to control the curricula of Catholic schools. This would be the main point of contention between Republicans and Catholics until WWI. Thus the bishops' opposition in 1909 to the imposition by the State of governmental manuals led Republicans to rally around the "defense of secular education". They passed additional laws pertaining to public schooling attendance and enabled prosecutions against priests who instructed parents not to enroll their children in state-funded secular schools. Political debates dealing with private religious and public secular schooling have periodically resurfaced in France after World War I. However they did not stir passions as in the 1870-1914 period.

## 2.2 Literacy Rates in France



A. Literacy rates in 1686-1690. B. Literacy rates in 1786-1790. C. Literacy rates in 1816-1820.  
Note: Literacy is captured by the share of grooms who signed their marriage license during each period.

**Figure 1:** Pre-industrial literacy rates of French departments

The evolution of literacy and its distribution across French department is rather notable in the course of industrialization. In 1686-1690, prior to the onset of the industrial revolution in France, 25.9% of grooms could sign their names, reflecting substantial variations in literacy across France

law. The 20 June 1881 law reestablished free education, which had been first instituted by decrees of the Convention during the French Revolution but had been reversed by the 3 Brumaire An IV law. It should be noted that by the 1870s, the *r  tribution scolaire* only remained significant in rural areas and had been replaced by local taxes in urban areas.

as depicted in Panel A of Figure 1.<sup>9</sup> In particular, literacy rates were higher in the regions in the North and East of France.<sup>10</sup>

Literacy rates had steadily increased in the subsequent century and 42% of grooms could sign their names in 1786-1790 and 50.61% in 1816-1820, in spite of the Revolutionary and Napoleonic wars. As depicted in Panels B and C of Figure 1 regional variations across France remained and the domination of the Northern and the Eastern regions persisted. However, literacy rates in some departments had evolved faster than in others, notably in the South (e.g., Aveyron) and the South East along the Mediterranean Sea (Bouches du Rhône, Var). Moreover, the potential association between industrialization and literacy is rather apparent. In particular, Aveyron, Bouches du Rhône and Var were among the most industrialized departments in the South of France.

The increase in literacy rates continued throughout the 19th century and French conscripts who could read and write (i.e., 20-year old men reporting for military service in the department where their father lived) had increased from 54.27% in 1838 to 84.83% in 1881. Thus, a significant fraction of French were literate even before the adoption of the 1881-1882 laws on mandatory and free public schooling (Diebolt et al., 2005).

### 3 Data and Main Variables

This section examines the evolution of industrialization and human capital formation across the 85 mainland French departments, based on the administrative division of France in the 1839-1847 period, accounting for the geographical and the institutional characteristics of these regions. The initial partition of the French territory in 1790 was designed to ensure that the travel distance by horse from any location within the department to the main administrative center would not exceed one day. The initial territory of each department was therefore orthogonal to the pre-industrial wealth levels and literacy rates while the subsequent minor changes in the borders of some departments reflected political forces rather than the effect of industrialization, the adoption of the steam engine and human capital formation. Table A.1 reports the descriptive statistics for the variables in the empirical analysis across these departments.

#### 3.1 Measures of Human Capital

The study explores the effect of industrialization on the evolution of human capital in the early stages of the industrial revolution. It takes advantage of the industrial survey conducted between

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<sup>9</sup>Data on literacy in France before the mid-19th century is scarce and incomplete. There is however data on the number of Frenchmen who could sign their marriage license in 1686-1690, 1786-1790 and 1816-1820 (Furet and Ozouf, 1977).

<sup>10</sup>For a discussion of the cultural, religious and economic factors which potentially explained the regional differences in the share of literate grooms, see notably Furet and Ozouf (1977); Grew and Harrigan (1991); Diebolt et al. (2005)

1839 and 1847 to assess the short-run impact of industrialization across France on several indicators of human capital accumulation.

### 3.1.1 Teachers, Pupils and Apprentices

The impact of early industrialization on human capital during the early phase of the industrial revolution is assessed by the effect of the differential level of industrialization across France on the number of teachers, pupils and apprentices in each department.<sup>11</sup>

First, the research examines the effect of industrialization on the number of teachers in each department. Surveys undertaken in 1840 and 1863 by the French bureau of statistics (*Statistique Générale de la France*) indicate that the average number of teachers per department rose from 742 in 1840 to 1243 in 1863. The surveys also show that there was considerable variation in the number of teachers across departments.

Second, the study explores the impact of industrialization on the number of pupils enrolled in primary school of each department (per 10,000 inhabitants). Surveys carried out in 1840 and 1863 by the French bureau of statistics (*Statistique Générale de la France*) show that the average number of pupils in each department (per 10,000 inhabitants) grew from 874 in 1840 to 1179 in 1863, with substantial variation in the number of pupils across France.

Third, the research analyzes the effect of industrialization on technical education as captured by the number of males enrolled in apprentice schools (per 10,000 inhabitants). The data (de l’Instruction Publique, 1865) show that in 1863, the average number of apprentices in each department (per 10,000 inhabitants) was equal to 2.71 and was therefore an order of magnitude smaller than the number of pupils in primary schools.

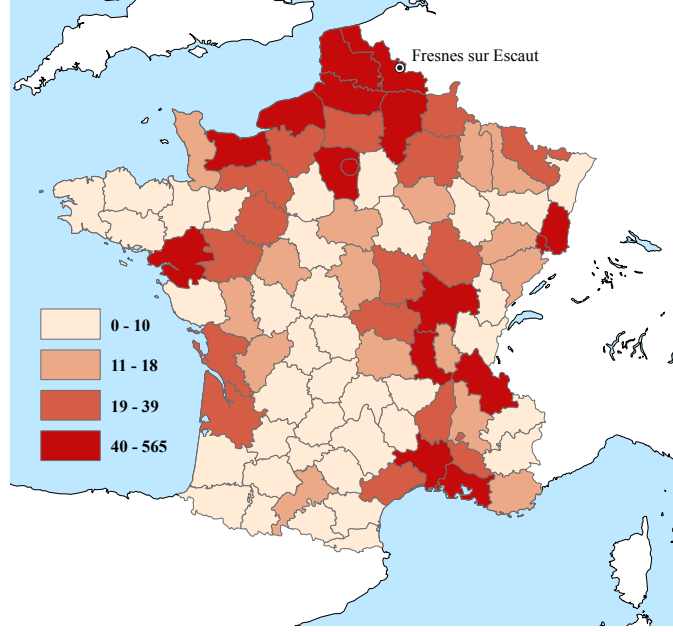
### 3.1.2 Literacy

The impact of early industrialization on literacy during the first phase of the industrial revolution is captured by its effect on the share of French army conscripts (i.e., 20-year-old men who reported for military service in the department where their father lived) who could read and write. The analysis focuses on the share of literate conscripts over the 1859-1868 decade, i.e., individuals who were born between 1839 (when the industrial survey began) and 1848 (a year after the survey was completed).<sup>12</sup> As reported in Table A.1, 74.0% of the French conscripts were literate over the 1859-1868 period.

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<sup>11</sup>The effect of industrialization on the pupils-to-teacher ratio is not necessarily indicative of the effect on human capital formation. In the face of resource constraints, changes in this ratio may reflect the local decision-makers’ view about the trade-off between the quality and the quantity of education.

<sup>12</sup>As a robustness check, Appendix C explores the impact of industrialization on the literacy rate of French conscripts over the 1847-1856 decade: these 20-year old men were born between 1827 and 1836 (i.e., a year before the industrial survey began).



**Figure 2:** The distribution of the number of steam engines across departments in mainland France, 1839-1847.

### 3.2 Steam Engines

The research explores the effect of the introduction of industrial technology on human capital. In light of the pivotal role played by the steam engine during the first industrial revolution, it exploits variations in the industrial use of the steam engine across France. Specifically, the analysis focuses on the number of steam engines used in each French department as reported in the industrial survey carried out by the French bureau of statistics (*Statistique Générale de la France*) between 1839 and 1847 (see Chanut et al. (2000) for a discussion.)

As shown in Figure 2, and analyzed further in the discussion of the identification strategy in Section 4, the distribution of the steam engines across French departments in 1839-1847 suggests a regional pattern of diffusion from Fresnes-sur-Escaut (in the Nord department, at the northern tip of continental France) where the first steam engine in France was introduced in 1732. The largest number of steam engines was indeed in the northern part of France. There were fewer in the east and in the south-east, and even less so in the south-west.<sup>13</sup>

The distribution of steam engines in 1839-1847, teachers in 1840, pupils in 1840, apprentices in 1863 and literate conscripts in 1859-1868 across French departments is depicted in Figure 3.

<sup>13</sup>Seven departments had no steam engine in 1839-1847 (i.e., Cantal, Côtes-du-Nord, Creuse, Hautes-Alpes, Haute-Loire, Lot and Pyrénées-Orientales). In regressions which are available upon request, potential anomalies associated with these departments, and in particular regarding the distance of these departments from the threshold level of development that permits the adoption of steam engines, are accounted for by the introduction of a dummy variable that singles them out. The introduction of this dummy variable does not modify the results which are reported below.

### 3.3 Confounding Characteristics of the Departments

The empirical analysis accounts for observable exogenous confounding geographical and institutional characteristics of each department, as well as for their pre-industrial development, which may have contributed to the relationship between industrialization and human capital formation. Geography may have impacted agricultural productivity as well as the pace of industrialization, and thus income per capita and investments in education. Institutions may have affected jointly the process of industrialization and the increase in literacy. Besides, geographical and institutional factors may have affected human capital indirectly by governing the speed of the diffusion of steam engines across departments. Finally, pre-industrial development may have affected the onset of industrialization and may have had an independent persistent effect on human capital formation.

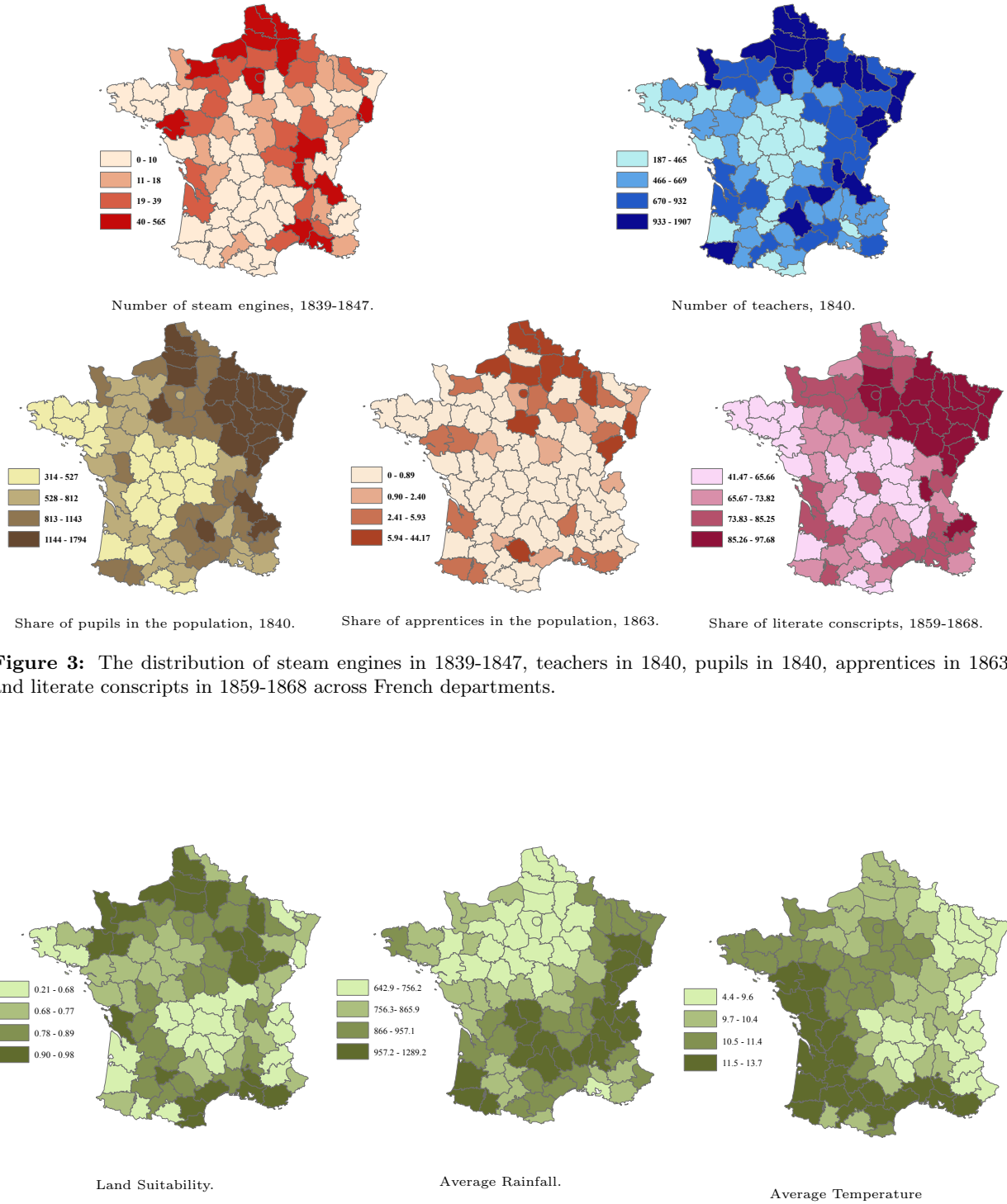
#### 3.3.1 Geographic characteristics

The empirical analysis takes into account for the potentially confounding impact of the exogenous geographic characteristics of each French department (Figure 4) on the relationship between industrialization and human capital. Specifically, it captures the potential effect of these geographical factors on the profitability of the adoption of the steam engine, on the pace of its regional diffusion and thus, on human capital accumulation during the first stages of the industrial revolution.

First, the study accounts for climatic and soil characteristics of each department (i.e., land suitability, average temperature, average rainfall, and latitude (Ramankutty et al., 2002)) that could have affected natural land productivity and therefore, the feasibility and profitability of the transition to the industrial stage of development, as well as income per capita and human capital in each department.

Second, the analysis captures the confounding effect of the location of each department on the diffusion of development from nearby regions or countries, as well as its effect on the regional diffusion of the steam engine. Namely, it accounts for the effect of the latitude of each department, border departments (i.e., positioned along the border with Belgium, Luxembourg, Germany, Switzerland, Italy and Spain), and maritime departments (i.e., positioned along the sea shore of France) on the pace of this diffusion process.

Finally, the research accounts for the potential differential effects of international trade on process of development as well as on the adoption the steam engine. In particular, it captures by the potential effect of maritime departments (i.e., those departments that are positioned along the sea shore of France), via trade, on the diffusion of the steam engine and thus economic development as well as its direct effect on human capital formation over this time period.



**Figure 3:** The distribution of steam engines in 1839-1847, teachers in 1840, pupils in 1840, apprentices in 1863 and literate conscripts in 1859-1868 across French departments.

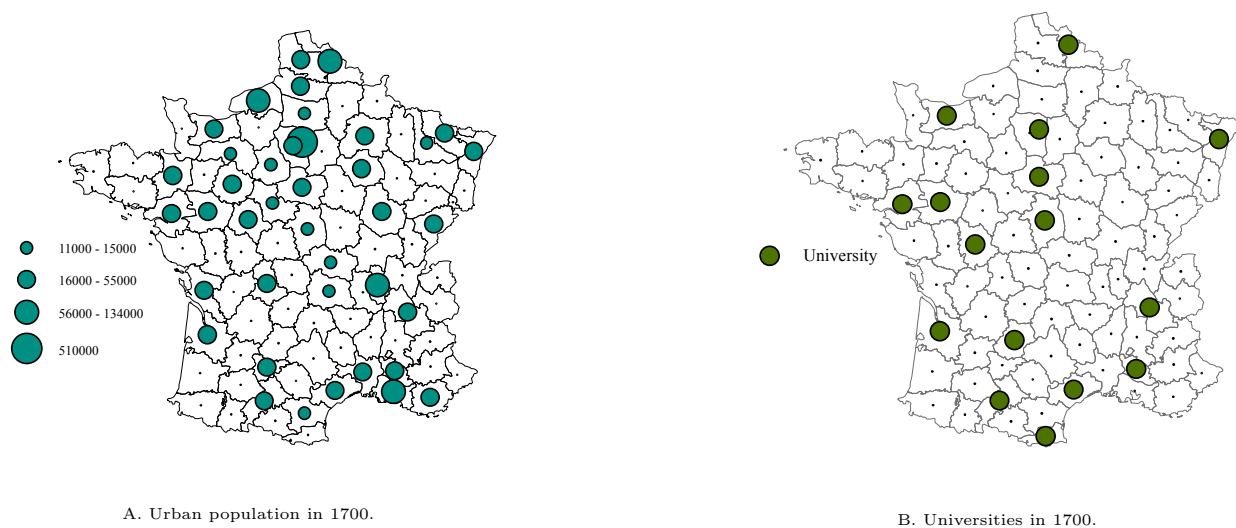
**Figure 4:** Geographic characteristics of French departments

### 3.3.2 Institutional Characteristics

Since the empirical analysis focuses on the impact of variations in the adoption of the steam engine on human capital formation across French departments, it ensures that institutional factors which were unique to France as a whole over this time period are not the source of the differential pattern of human capital across these regions. Nevertheless, one region of France over this time period had a unique exposure to institutional characteristics that may have contributed to the observed relationship between industrialization and literacy.

The emergence of state centralization in France and the concentration of political power in Paris before the industrial revolution may have had a differential impact on the political culture and economic prosperity in *Paris and its suburbs* (i.e., Seine, Seine-et-Marne and Seine-et-Oise). Hence, the analysis includes a dummy variable for these three departments to control for their potential confounding effects on the observed relationship between industrialization and human capital. Moreover, the analysis accounts for the effect of the aerial distance between the administrative center of each department and Paris, thus capturing the potential decline in the reach of the central government in regions at a greater distance from Paris as well as the diminished potential diffusion of development into these regions.

### 3.3.3 Pre-industrial Development



**Figure 5:** Urban population and universities in 1700

The empirical analysis accounts for the potentially confounding effects of the level of development in the pre-industrial period. The differential level of development across France in the pre-industrial era may have indeed affected jointly the process of development and human capital formation. Namely, it may have affected the adoption of the steam engine and it may have

generated, independently, a persistent investment on education. First, the early level of development, as captured by the degree of urbanization (i.e., population of urban centers with more than 10,000 inhabitants) in each French department in 1700 as shown in Panel A of Figure 5 (Lepetit, 1994), may have persisted independently of the process of industrialization.<sup>14</sup> Second, the number of universities in 1700 in each department as shown in Panel B of Figure 5 (Bosker et al., 2013) may have affected the adoption of the steam engine while contributing to human capital formation independently of the process of industrialization. Third, early literacy rates, as captured by the share of grooms who could sign their marriage license over the 1686-1690, 1786-1790 and 1816-1820 periods as mapped in Figure 1 (Furet and Ozouf, 1977),<sup>15</sup> may have affected the adoption of the steam engine while contributing to human capital accumulation independently of the process of industrialization.

## 4 Empirical Methodology

### 4.1 Empirical strategy

The observed relationship between industrialization and human capital is not necessarily a causal one. It may reflect the impact of economic development on the process of industrialization as well as the influence of institutional, geographical, cultural and human capital characteristics on the joint process of industrialization and human capital accumulation. In light of the endogeneity of industrialization and human capital formation, this research exploits exogenous regional variations in the adoption of the steam engine across France to establish the causal effect of industrialization on human capital.

The identification strategy is motivated by the historical account of the gradual regional diffusion of the steam engine in France during the 18<sup>th</sup> and 19<sup>th</sup> century (Ballot, 1923; Sée, 1925; Léon, 1976).<sup>16</sup> Considering the positive association between industrialization and the use of the steam engine (Mokyr, 1990; Bresnahan and Trajtenberg, 1995; Rosenberg and Trajtenberg, 2004), the study takes advantage of the regional diffusion of the steam engine to identify the effect of local variations in the intensity of the use of the steam engine during the 1839-1847 period on the process of development. In particular, it exploits the distances between each French department and Fresnes-sur-Escaut (in the Nord department), where the first commercial application of the

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<sup>14</sup>As we discuss below in Section 6, the qualitative analysis remains intact if the potential effect of past population density is accounted for.

<sup>15</sup>Some observations are missing for these variables. For the 1686-1690 period, there are no observations for Aveyron, Bas-Rhin, Dordogne, Indre-et-Loire, Lot, Lozère, Haut-Rhin, Lot, Seine and Vendée. For the 1786-1790 period, observations are missing for Bas-Rhin, Dordogne, Haut-Rhin, Lot, Seine and Vendée. For the 1816-1820 period, observations are missing for Bas-Rhin, Dordogne, Haut-Rhin, Lot, Morbihan, Seine and Vendée.

<sup>16</sup>There was also a regional pattern in the diffusion of steam engines in England (Kanefsky and Robey, 1980; Nuvolari et al., 2011) and in the USA (Atack, 1979).



steam engine across France was made in 1732, as an instrument for the use of the steam engines in 1839-1847.<sup>17</sup>

Consistent with the diffusion hypothesis, the second steam engine in France that was utilized for commercial purposes was operated in 1737 in the mines of Anzin, also in the Nord department, less than 10 km away from Fresnes-sur-Escaut. Furthermore, in the subsequent decades till the 1789 French Revolution the commercial use of the steam engine expanded predominantly to the nearby northern and north-western regions. Nevertheless, at the onset of the French revolution in 1789, steam engines were less widespread in France than in England. A few additional steam engines were introduced until the fall of the Napoleonic Empire in 1815, notably in Saint-Quentin in 1803 and in Mulhouse in 1812, but it is only after 1815 that the diffusion of steam engines in France accelerated (Sée, 1925; Léon, 1976).

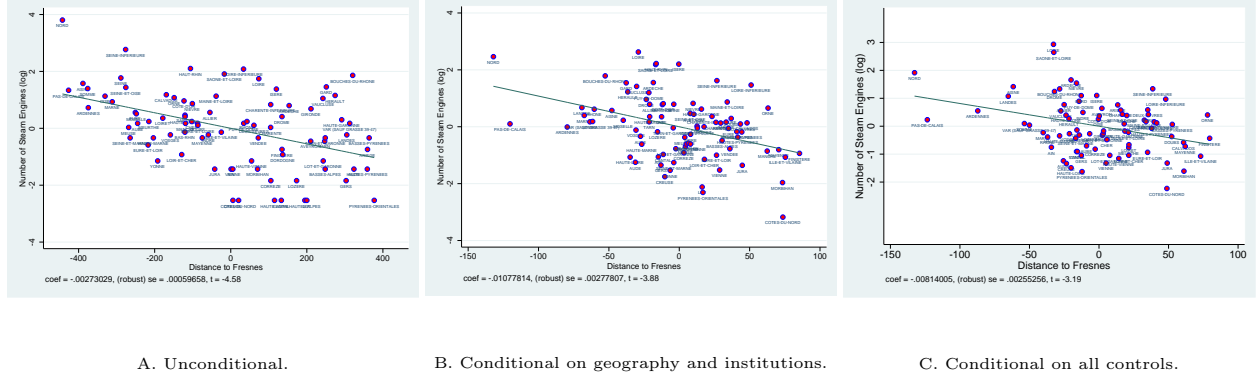
Nevertheless, in light of the confounding effects of geographic, institutional and demographic characteristics on the pace of technological diffusion, as well as on the process of development, in order to mitigate the potential effect of unobserved heterogeneity, the econometric model accounts for a wide range of these characteristics (altitude, latitude, rainfall, land suitability, maritime and border departments, Paris and its suburbs, the distance to Paris).

**Table 1:** The geographical diffusion of the steam engine

	(1) OLS	(2) OLS	(3) OLS	(4) OLS	(5) OLS	(6) OLS	(7) OLS	(8) OLS	(9) OLS
	Number of Steam Engines								
Distance to Fresnes	-0.00273*** [0.000597]	-0.00472** [0.00218]	-0.00686*** [0.00227]		-0.0108*** [0.00278]	-0.00985*** [0.00301]	-0.0109*** [0.00257]	-0.00861*** [0.00260]	-0.00814*** [0.00255]
Distance to Paris				-0.0004 [0.0026]	0.0062** [0.0026]	0.0058** [0.0028]	0.0063** [0.0026]	0.0047* [0.0025]	0.0052** [0.0025]
Average Rainfall		0.0669 [0.897]	-0.00845 [0.935]	-0.296 [0.950]	-0.589 [0.844]	-0.777 [0.886]	-0.349 [0.890]	0.522 [0.858]	0.424 [0.949]
Average Temperature		2.617*** [0.919]	2.232** [1.088]	1.278 [1.089]	2.625** [1.094]	2.463* [1.245]	2.549** [1.063]	2.506** [0.968]	2.448** [1.069]
Latitude		-7.922 [9.404]	-17.58 [10.60]	9.876 [9.785]	-14.19 [10.77]	-13.88 [11.50]	-13.81 [10.60]	-10.12 [9.952]	-7.378 [9.958]
Land Suitability		0.308 [0.557]	0.226 [0.579]	0.748 [0.578]	0.0532 [0.556]	0.253 [0.586]	-0.000914 [0.537]	0.0170 [0.539]	0.125 [0.563]
Maritime Department			0.764** [0.348]	0.405 [0.408]	0.436 [0.396]	0.404 [0.438]	0.397 [0.404]	0.228 [0.344]	0.0539 [0.382]
Border Department			0.251 [0.339]	0.301 [0.424]	-0.183 [0.369]	-0.369 [0.371]	-0.268 [0.367]	-0.0425 [0.329]	-0.310 [0.314]
Paris and Suburbs			0.00659 [0.601]	0.328 [0.658]	0.551 [0.661]	0.0655 [0.794]	0.500 [0.607]	0.341 [0.409]	0.411 [0.554]
Grooms who Signed their Marriage License, 1786-1790						0.301 [0.749]			0.363 [0.686]
University							0.497 [0.353]		0.547* [0.311]
Urban Population in 1700								0.256*** [0.0749]	0.229** [0.0930]
Adjusted $R^2$	0.188	0.271	0.299	0.217	0.333	0.330	0.346	0.411	0.422
Observations	85	85	85	85	85	79	85	85	79

Note: The dependent variable and the explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

<sup>17</sup>This steam engine was used to pump water in an ordinary mine of Fresnes-sur-Escaut. It is unclear whether Pierre Mathieu, the owner of the mine, built the engine himself after a trip in England or employed an Englishman for this purpose (Ballot, 1923, p.385).



**Figure 6:** The effect of the distance from Fresnes-sur-Escout on the number of steam engines in 1839-1847

Note: These figures depict the partial regression line for the effect of the distance from Fresnes-sur-Escout on the number of steam engines in each French department in 1839-1847. Panel A presents the unconditional relationship while Panel B reports the relationship which controls for geographic and institutional characteristics, as well as for pre-industrial development. Thus, the x- and y-axes in Panels A, B and C plot the residuals obtained from regressing steam engine intensity and the distance from Fresnes-sur-Escout, respectively with and without the aforementioned set of covariates.

Indeed, in line with the historical account, the distribution of steam engines across French departments, as reported in the 1839-1847 industrial survey, is indicative of a local diffusion process from Fresnes-sur-Escout. As reported in Column 1 of Table 1 and shown in Panel A of Figure 6, there is a highly significant negative correlation between the distance from Fresnes-sur-Escout to the administrative center of each department and the number of steam engines in the department. But as discussed in Section 2.3, pre-industrial development and a wide range of confounding geographical and institutional characteristics could have contributed to the adoption of the steam engine. Reassuringly, the unconditional negative relationship between the distance to Fresnes-sur-Escout and the number of steam engines remains highly significant and is larger in absolute value when exogenous confounding geographical controls i.e., land suitability, latitude, rainfall and temperature (Column 2), as well as institutional factors and pre-industrial development (Column 3), are accounted for. Importantly, the diffusion pattern of steam engines is not significantly correlated with the distance between Paris and the administrative center of each department when the distance from Fresnes-sur-Escout to each department's administrative center is excluded from the analysis (Column 4). Moreover, Column 5 of Table 1 and Panel B of Figure 6 indicate that there is still a highly significant negative correlation between the distance from Fresnes-sur-Escout to the administrative center of each department and the intensity of the use of steam engines in the department when the distance to Paris is included. Specifically, a 100-km increase in the distance from Fresnes-sur-Escout is associated with a 1.08 point decrease in the log of the number of steam engines in a given department, relative to the log of the average number of steam engines per department which is equal to 1.47. This means that, for two departments located at the 25th percentile (326.69 km) and 75th percentile (658.56 km) away from Fresnes, the 331.87 km difference

leads to a 3.58 point decrease in the log of the number of steam engines (i.e., a decrease of 36 engines, relative to a sample mean of 29.2 and a standard deviation of 66.1).

Finally, the findings suggest that pre-industrial economic and human development, which is captured by the degree of urbanization in each department in 1700, the share of grooms who could sign their marriage license in 1786-1790, and the number of universities in 1700 had a persistent positive and significant association with the adoption of the steam engine (Columns (6)-(9) of Table 1 and Panel C of Figure 6).<sup>18</sup> Nevertheless these pre-industrial characteristics have no qualitative impact on the negative association between the distance from Fresnes-sur-Escaut and the number of steam engines.

Moreover, the highly significant negative correlation between the number of steam engines in each department and the distance from Fresnes-sur-Escaut to the administrative center of each department is robust to the inclusion of an additional set of confounding geographical, demographic and institutional characteristics, as well as to the forces of pre-industrial development, which as discussed in section 6, may have contributed to the relationship between industrialization and economic development. As established in Table B.1 in Appendix B, these confounding factors, which could be largely viewed as endogenous to the adoption of the steam engine and are thus not part of the baseline analysis, do not affect the qualitative results.

**Table 2:** The determinants of the diffusion of the steam engine: the insignificance of distances from other major cities

	(1) OLS	(2) OLS	(3) OLS	(4) OLS	(5) OLS	(6) OLS
	Number of Steam Engines					
Distance to Fresnes	-0.00273*** [0.000597]	-0.00327*** [0.000739]	-0.00271*** [0.000582]	-0.00367*** [0.00122]	-0.00268*** [0.000805]	-0.00197** [0.000866]
Distance to Marseille		-0.000768 [0.000959]				
Distance to Lyon			0.000159 [0.000993]			
Distance to Rouen				0.00115 [0.00142]		
Distance to Mulhouse					-0.000115 [0.000838]	
Distance to Bordeaux						0.00150 [0.00106]
Adjusted R <sup>2</sup>	0.188	0.186	0.178	0.184	0.178	0.201
Observations	85	85	85	85	85	85

Note: The dependent variable is in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets.

\*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

The validity of the aerial distance from Fresnes-sur-Escaut as an instrumental variable for the number of steam engines across France is enhanced by two supplementary robustness checks. First, in Table 2, distances between each department and major centers of economic power in 1839-1847 are shown to be uncorrelated with the number of steam engines over this period. Specifically con-

<sup>18</sup>As established in Table B.1, the qualitative results are unaffected if the share of grooms in the 1686-1690 and 1816-1820 periods is used instead.

**Table 3:** The determinants of the diffusion of the steam engine: the insignificance of distances from other major French cities measured in travel weeks

	(1) OLS	(2) OLS	(3) OLS	(4) OLS	(5) OLS	(6) OLS	(7) OLS
	Number of Steam Engines						
Distance from Fresnes (weeks of travel)	-2.858*** [0.680]	-3.828*** [1.117]	-2.772*** [0.661]	-3.077*** [0.756]	-2.834*** [0.741]	-2.944*** [0.823]	-2.655*** [0.844]
Distance from Paris (weeks of travel)		1.314 [1.242]					
Distance from Marseille (weeks of travel)			0.489 [0.686]				
Distance from Lyon (weeks of travel)				0.558 [0.700]			
Distance from Rouen (weeks of travel)					-0.0485 [0.738]		
Distance from Mulhouse (weeks of travel)						0.129 [0.531]	
Distance from Bordeaux (weeks of travel)							0.302 [0.577]
Adjusted R <sup>2</sup>	0.147	0.146	0.144	0.145	0.137	0.137	0.139
Observations	85	85	85	85	85	85	85

Note: The dependent variable is in logarithm. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table 4:** Pre-industrial development and the distance from Fresnes-sur-Escaut

	(1) Tobit	(2) OLS	(3) Probit
	Urban Population in 1700	Literacy in 1686-1690	University in 1700
Fresnes sur Escaut	-0.0025 [0.0051]	-0.022 [0.023]	0.0012 [0.0028]
Average Rainfall	-7.335*** [2.449]	-11.07 [10.73]	-1.915 [1.170]
Average Temperature	2.414 [3.475]	-44.74** [18.58]	0.368 [2.014]
Latitude	0.827 [1.500]	13.37** [5.738]	0.785 [0.789]
Land Suitability	-7.015 [21.82]	-1.118 [85.55]	1.015 [11.71]
$\sigma$	2.529*** [0.261]		
Pseudo R <sup>2</sup>	0.081		0.083
R <sup>2</sup>		0.456	
Left-censored observations	40		
Uncensored observations	45		
Observations	85	76	85

Note: The explanatory variables except the dummies are in logarithm. The aerial distance is measured in kilometers. Literacy in 1786-1790 is captured by the share of grooms who signed their marriage license during that period. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

ditional on the distance from Fresnes-sur-Escaut, distances between each department and Marseille and Lyon (the second and third largest cities in France), Rouen (a major harbor in the north-west where the steam engine was introduced in 1796), Mulhouse (a major city in the east where the steam engine was introduced in 1812), and Bordeaux (a major harbor in the south-west) are uncorrelated with steam engines in 1839-1847, lending credence to the unique role of Fresnes-sur-Escaut and the introduction of the first steam engine in this location in the diffusion of the steam engine across France. Moreover, the use of an alternative measure of distances based on the time needed for a surface travel between any pair of locations (Özak, 2013) in Table 3 does not affect the qualitative results.

Second, the distance from Fresnes-sur-Escaut is uncorrelated with economic development across France in the pre-industrial period. Unlike the highly significant negative relationship between the distance from Fresnes-sur-Escaut and the number of steam engines in 1839-1847, Figures 1 and 5 and Table 4 show that the distance from Fresnes-sur-Escaut was uncorrelated with urban development and human capital formation in the pre-industrial era. Specifically, in Column 1 of Table 4, urbanization rates in 1700 are shown to be uncorrelated with the distance from Fresnes-sur-Escaut. In Column 2, it appears that literacy rates in the pre-industrial period, as proxied by the share of grooms who signed their marriage license in 1686-1690, are not correlated with the distance from Fresnes-sur-Escaut. Finally, in Column 3, no significant relationship is found between the presence of a university in 1700 and the distance from Fresnes-sur-Escaut.<sup>19</sup>

## 4.2 Empirical Model

The effect of industrialization on the process of development is estimated using 2SLS. The second stage provides a cross-section estimate of the relationship between the number of steam engines in each department in 1839-1847 to measures of human capital formation at different points in time;

$$Y_{it} = \alpha + \beta E_i + \mathbf{X}_i' \omega + \varepsilon_{it}, \quad (1)$$

where  $Y_{it}$  represents a measure of human capital in department  $i$  in year  $t$ ,  $E_i$  is the log of the number of steam engines in department  $i$  in 1839-1847,  $\mathbf{X}_i'$  is a vector of geographical, institutional and pre-industrial economic characteristics of department  $i$  and  $\varepsilon_{it}$  is an i.i.d. error term for department  $i$  in year  $t$ .

In the first stage,  $E_i$ , the log of the number of steam engines in department  $i$  in 1839-1847 is instrumented by  $D_i$ , the aerial distance (in kilometers) between Fresnes-sur-Escaut and the

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<sup>19</sup>It is worth pointing out that these pre-industrial measures of development are highly correlated with income per-capita in the post-industrialized period. For example, the urban population in 1700 is positively correlated with all our measures of GDP per capita in 1872 (0.451), 1901 (0.293), 1930 (0.551) and 2001-2010 (0.517).

administrative center of department  $i$ ;

$$E_i = \delta_1 D_i + \mathbf{X}_i' \delta_2 + \mu_i, \quad (2)$$

where  $\mathbf{X}_i'$  is the same vector of geographical, institutional and pre-industrial economic characteristics of department  $i$  used in the second stage, and  $\mu_i$  is an error term for department  $i$ .

## 5 Industrialization and Human Capital Formation

The study examines the effect of the number of steam engines in the 1839-1847 period on human capital formation in the short-run. As established in Tables 5 - 10, and in line with the proposed hypothesis, the early phase of the industrialization process was conducive to human capital accumulation.

### 5.1 The Effect of Industrialization on the Number of Teachers

The relationship between industrialization and the number of teachers in 1840 and 1863 is presented in Tables 5 and 6. As shown in Column (1), unconditionally, the number of steam engines in industrial production in 1839-1847 had a positive and significant association at the 1% level with the number of teachers in 1840 and 1863. This relationship remains positive, mostly smaller in magnitude but with the same level of statistical significance, once one progressively accounts for the confounding effects of exogenous geographical factors (Column (2)), institutional factors (Column (3)) and pre-industrial characteristics (Columns (4)-(7)). Finally, mitigating the effect of omitted variables on the observed relationship, the IV estimations in Columns (8)-(12) suggest that the number of steam engines in 1839-1847 had a positive and highly significant impact on the number of teachers in 1840 and 1863, accounting for the confounding effects of geographical, institutional, and demographic characteristics.<sup>20</sup>

The regressions in Tables 5 and 6 also account for a large number of confounding geographical and institutional factors, which are discussed above in Section 2.3. First, the climatic and soil characteristics of each department (i.e., land suitability, average temperature, average rainfall, and latitude) could have affected natural land productivity and therefore the feasibility and profitability of the transition to the industrial stage of development, as well as the evolution of income per capita and its potential direct on human capital formation in each department.

Second, the location of departments (i.e., latitude, border departments, maritime departments and departments at a greater distance from the concentration of political power in Paris) could

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<sup>20</sup>The F-statistic in the first stage is equal to 15.052 in the absence of pre-industrial controls. Furthermore, the IV coefficient in each specification is larger than the OLS coefficient, which can probably be attributed to measurement error in the explanatory variable – the number of steam engines.

**Table 5:** The effect of industrialization on the number of teachers in 1840

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	OLS	OLS	OLS	OLS	OLS	OLS	OLS	IV	IV	IV	IV	IV
	Teachers, 1840											
Number of Steam Engines	117.6*** [24.51]	125.0***	115.0***	115.6***	112.6***	95.82***	102.8***	247.6***	250.4***	247.3***	260.7***	269.0***
Average Rainfall		648.1***	647.8***	594.1**	669.7***	786.0***	686.3**	687.1***	697.6***	678.9***	622.9**	578.0**
Average Temperature		197.0	206.5	251.7	214.3	220.2	267.0	225.2	256.0	226.3	242.8	268.6
		-782.9***	-1,001***	-869.8**	-1,006***	-955.9***	-845.0**	-1,171***	-1,095***	-1,167***	-1,197***	-1,143***
Latitude		221.1	333.0	421.9	332.2	316.7	408.6	298.0	360.0	299.7	313.0	384.4
		730.4	2,099	1,484	2,181	2,184	1,706	788.9	502.0	771.3	709.9	10.99
Land Suitability		807.8	1,860	1,974	1,861	1,717	2,038	2,149	2,208	2,183	2,256	2,419
		284.4**	346.3**	264.4	343.7**	336.6**	261.5	247.1	172.3	248.9	248.7	184.1
		122.4	131.6	171.6	130.9	130.9	170.8	158.0	187.8	155.7	162.2	189.8
Maritime Department		118.4	129.3	115.8	98.61	109.8	64.63	83.13	66.06	72.38	116.3	116.3
		72.66	80.83	75.04	72.07	93.18	98.54	106.3	98.26	97.45	104.8	104.8
Border Department		-2.378	-30.72	-9.072	9.326	-22.22	-42.35	-25.90	-39.58	-49.08	-22.28	-22.28
		98.96	100.8	104.1	95.83	108.5	96.32	94.03	99.02	100.5	101.9	101.9
Distance to Paris		0.518	0.422	0.519	0.482	0.437	0.566	0.448	0.565	0.584	0.385	0.385
		0.530	0.557	0.531	0.505	0.583	0.588	0.608	0.589	0.605	0.640	0.640
Paris and Suburbs		421.7**	265.6	417.5***	405.4***	292.7	378.2***	306.0***	380.1***	384.6***	264.6**	264.6**
		162.2	181.0	157.3	131.5	175.7	111.7	110.6	111.5	121.5	128.6	128.6
Grooms who Signed their Marriage License, 1786-1790			206.3			198.4		81.97			64.48	64.48
			220.3		46.28	9.731	225.2	216.6		-16.64	213.7	213.7
University					83.34		100.8			86.88	-73.72	-73.72
						34.96	22.62				107.1	107.1
Urban Population in 1700						23.76	26.04				-16.54	-24.39
											29.83	31.27
Adjusted R2	0.194	0.386	0.427	0.414	0.422	0.440	0.404					
Observations	85	85	85	79	85	85	79	85	79	85	85	79
First stage: the instrumented variable is Number of Steam Engines												
Distance to Fresnes								-0.0108*** [0.00278]	-0.00985*** [0.00301]	-0.0109*** [0.00260]	-0.00861*** [0.00255]	-0.00814*** [0.00255]
F-stat (1 <sup>st</sup> stage)								15.052	10.695	17.925	10.970	10.170

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table 6:** The effect of industrialization on the number of teachers in 1863

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	OLS	OLS	OLS	OLS	OLS	OLS	OLS	IV	IV	IV	IV	IV
	Teachers, 1863											
Number of Steam Engines	271.7*** [49.41]	266.2***	249.4***	248.2***	231.6***	193.5***	222.1***	424.0***	467.2***	429.2***	392.8***	498.0***
Average Rainfall		374.7	653.4**	719.7**	815.0***	1,056***	891.2**	705.1**	887.8**	828.4***	859.0**	711.5*
		401.6	260.2	293.0	254.9	378.0	350.9	322.2	373.2	321.6	416.1	410.8
Average Temperature		-276.3	-761.5**	-1,013**	-800.6**	-629.3*	-950.5**	-984.5**	-1,379***	-1,036***	-921.0**	-1,445***
		277.8	378.4	419.1	346.4	338.1	392.7	392.1	458.6	381.7	400.0	504.8
Latitude		1,803*	3,172	3,334	3,780*	3,419*	3,964*	1,447	1,739	1,712	1,637	1,150
		1,016	2,307	2,343	2,192	1,949	2,344	2,852	2,951	2,876	2,717	3,302
Land Suitability		9,620	167.9	241.3	148.9	139.6	227.4	37.39	91.56	9,896	33.43	98.91
		193.6	173.6	163.0	162.5	157.4	151.6	205.0	218.2	198.4	189.4	237.7
Maritime Department		200.2*	247.7**	180.9	142.6	203.0*	129.5	172.7	108.0	110.9	213.8	213.8
		102.7	108.2	112.2	99.31	110.9	132.0	147.8	140.1	125.1	144.6	144.6
Border Department		-101.6	-80.13	-151.1	-67.50	-79.86	-154.2	-72.30	-195.9	-138.1	-79.98	-79.98
		116.2	130.8	106.3	117.4	127.8	120.3	116.4	120.1	125.3	127.0	127.0
Distance to Paris		0.716	0.707	0.719	0.611	0.782	0.778	0.749	0.787	0.734	0.694	0.694
		0.668	0.697	0.691	0.638	0.706	0.801	0.871	0.823	0.783	0.909	0.909
Paris and Suburbs		1,403	350.5***	1,372	1,356	407.5***	1,346	416.1**	1,317*	1,330*	361.0**	361.0**
		945.3	95.20	856.4	827.1	113.5	840.1	184.0	767.3	791.7	178.8	178.8
Grooms who Signed their Marriage License, 1786-1790			-142.4			-127.6		-344.5			-349.9	-349.9
			222.9			219.4		264.6			283.2	283.2
University					342.2**	83.03				249.9	-55.52	-55.52
					161.7	115.0				176.4	155.5	155.5
Urban Population in 1700						101.9**					39.65	-41.19
						47.89	30.45				63.23	50.12
Adjusted R2	0.341	0.342	0.482	0.568	0.523	0.532	0.573					
Observations	85	85	85	79	85	85	79	85	79	85	85	79
First stage: the instrumented variable is Number of Steam Engines												
Distance to Fresnes								-0.0108*** [0.00278]	-0.00985*** [0.00301]	-0.0109*** [0.00260]	-0.00861*** [0.00255]	-0.00814*** [0.00255]
F-stat (1 <sup>st</sup> stage)								15.052	10.695	17.925	10.970	10.170

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

have affected the diffusion of the steam engine and human capital formation. However, most of these factors appear orthogonal to the evolution of human capital, except for the dummy variable for Paris and its suburbs which has a positive and nearly systematically significant correlation with the number of teachers in the OLS and IV regressions in Tables 5 and 6.

Third, the regressions in Tables 5 and 6 take into account the potentially confounding effects of the level of human capital and economic development in the pre-industrial period, as captured by the share of grooms who could sign their marriage license over the 1786-1790 period, the degree of urbanization in each department in 1700 and the number of universities in 1700.<sup>21</sup> The findings suggest that pre-industrial human capital and development (and the characteristics that may have fostered them) had no significant impact on the number of teachers in 1840 and 1863.

Fourth, the IV estimates in Column (12) of Tables 5 and 6 suggest that the presence of steam engines had large quantitative effects on the number of teachers in primary schools: a one-percent increase in the number of steam engines in a department in 1839-1847 increased the number of teachers in the primary schools by 269.0 in 1840 and 498.0 in 1863. Hence the 675 percent increase in the number of steam engines in 1839-1847 due to a movement from the 25th percentile (i.e., 4 engines) to the 75th percentile (i.e., 31 engines) would lead to an increase in the number of teachers of 1816 in 1840 and 3362 in 1863 (relative to a sample mean of 742 in 1840 and 1243 in 1863).

Finally, the association between the number of steam engines and the number of teachers in 1840 and 1863 is not affected by spatial correlation as established in Tables 7 and D.2 in the Appendix.

## 5.2 The Effect of Industrialization on the Share of Pupils in the Population

### 5.2.1 Primary school

The effect of industrialization on the number of pupils enrolled in primary school of each department (per 10,000 inhabitants) in 1840 and 1863 is reported in Tables 7 and 8. In Table 7, the unconditional relationship between the number of steam engines in industrial production in 1839-1847 and the share of pupils in 1840 is positive and significant (Column (1)), and remains so when the confounding effects of exogenous geographical factors (Column (2)) and institutional factors (Column (3)) are accounted for. However this positive coefficient becomes insignificant once pre-industrial characteristics (Columns (4)-(7)) are taken into account. In Table 8, the relationship between the number of steam engines in industrial production in 1839-1847 and the share of pupils in 1863 is positive and insignificant when no control variable is included (Column (1)), and is positive and significant once control variables are accounted for (Columns (2)-(7)).

The IV estimates in Columns (8)-(12) in Tables 7 and 8 suggest that the number of steam

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<sup>21</sup>As established in Table B.2, the qualitative results are unaffected if the share of grooms in the 1686-1690 and 1816-1820 periods is used instead.



**Table 7:** The effect of industrialization on the share of pupils in the population in 1840

	(1) OLS	(2) OLS	(3) OLS	(4) OLS	(5) OLS	(6) OLS	(7) OLS	(8) IV	(9) IV	(10) IV	(11) IV	(12) IV
	Pupils (per 10,000 inhabitants), 1840											
Number of Steam Engines	52.54* [29.65]	53.46** [24.90]	48.52* [25.30]	25.33 [18.43]	53.76** [24.40]	45.05 [28.49]	24.02 [22.75]	238.7*** [89.13]	177.4** [81.70]	234.8*** [78.92]	295.3** [118.3]	214.6** [96.32]
Average Rainfall		741.9*** [211.1]	659.9*** [229.4]	255.1 [215.7]	612.2** [232.3]	684.9*** [238.4]	269.3 [225.4]	716.1*** [237.0]	371.8 [238.4]	624.5*** [234.0]	437.2 [291.1]	145.3 [242.5]
Average Temperature		-1.830*** [322.2]	-1.606*** [352.2]	-854.4** [332.0]	-1.595*** [349.0]	-1.598*** [357.2]	-855.0** [340.7]	-1.849*** [347.5]	-1.109*** [324.1]	-1.811*** [329.8]	-1.964*** [351.3]	-1.196*** [331.8]
Latitude		1.270 [796.8]	2.654 [1.882]	825.9 [1.730]	2.474 [1.995]	2.669 [1.867]	802.2 [1.721]	775.6 [2.144]	-281.9 [2.013]	578.9 [2.296]	432.3 [2.552]	-1.141 [2.224]
Land Suitability		584.9*** [176.7]	540.4*** [182.8]	220.8 [172.9]	546.0*** [180.4]	538.7*** [185.7]	222.6 [177.2]	398.2** [198.6]	116.8 [172.3]	418.6** [187.5]	405.4** [198.0]	133.9 [158.3]
Maritime Department			-44.63 [67.36]	-102.5 [74.37]	-38.94 [67.98]	-48.20 [67.34]	-103.3 [100.4]	-121.7 [98.17]	-154.6 [100.2]	-105.8 [100.2]	-88.03 [103.4]	-95.79 [89.56]
Border Department			142.1* [81.06]	-35.98 [72.64]	156.7* [80.21]	144.2* [81.17]	-30.51 [81.97]	84.78 [110.1]	-30.54 [93.48]	115.7 [104.8]	55.56 [120.9]	-30.59 [101.6]
Distance to Paris			0.367 [0.544]	0.295 [0.472]	0.366 [0.563]	0.361 [0.545]	0.285 [0.476]	0.435 [0.638]	0.324 [0.529]	0.429 [0.654]	0.515 [0.718]	0.225 [0.564]
Paris and Suburbs			143.5 [164.6]	37.02 [104.8]	152.6 [146.9]	140.5 [171.2]	39.41 [107.3]	81.07 [244.7]	82.59 [169.4]	102.2 [207.0]	108.9 [194.3]	7.246 [152.5]
Grooms who Signed their Marriage License, 1786-1790				1.038*** [206.6]			1.029*** [224.1]		897.6*** [255.4]			875.3*** [259.2]
University					-101.0 [72.00]		-15.83 [79.87]			-185.6** [91.42]		-111.5 [89.76]
Urban Population in 1700						6.318 [21.68]	4.883 [20.91]				-71.86* [43.57]	-49.01 [35.40]
Adjusted R2	0.017	0.547	0.550	0.697	0.553	0.544	0.688					
Observations	85	85	85	79	85	85	79	85	79	85	85	79
First stage: the instrumented variable is Number of Steam Engines												
Distance to Fresnes								-0.0108*** [0.00278]	-0.00985*** [0.00301]	-0.0109*** [0.00257]	-0.00861*** [0.00260]	-0.00814*** [0.00255]
F-stat (1 <sup>st</sup> stage)								15.052	10.695	17.925	10.970	10.170

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table 8:** The effect of industrialization on the share of pupils in the population in 1863

	(1) OLS	(2) OLS	(3) OLS	(4) OLS	(5) OLS	(6) OLS	(7) OLS	(8) IV	(9) IV	(10) IV	(11) IV	(12) IV
	Pupils (per 10,000 inhabitants), 1863											
Number of Steam Engines	36.83 [23.26]	41.17** [18.82]	38.63** [18.09]	28.20* [16.60]	39.61** [17.96]	48.21** [19.59]	35.54* [18.80]	160.6*** [49.33]	137.9** [54.65]	159.0*** [45.76]	215.4*** [72.44]	185.1** [74.24]
Average Rainfall		538.4*** [153.2]	549.7*** [163.9]	361.5* [181.7]	540.7*** [168.4]	480.7** [188.1]	292.2 [213.7]	585.7*** [168.9]	445.7*** [197.3]	548.9*** [171.3]	315.1 [224.1]	194.9 [229.7]
Average Temperature		-1.365*** [248.6]	-1.252*** [266.9]	-888.8*** [266.9]	-1.250*** [254.3]	-1.274*** [267.4]	-892.7*** [259.5]	-1.407*** [246.6]	-1.072*** [272.2]	-1.392*** [253.4]	-1.519*** [249.1]	-1.160*** [268.0]
Latitude		797.8 [599.8]	76.79 [1.449]	-1.262 [1.307]	43.21 [1.490]	34.46 [1.535]	-1.232 [1.366]	-1.127 [1.574]	-2.061 [1.494]	-1.207 [1.663]	-1.460 [1.962]	-2.758 [1.731]
Land Suitability		412.1*** [133.6]	382.6*** [133.4]	229.4* [133.2]	383.6*** [133.5]	387.4*** [129.4]	223.7* [129.6]	291.4*** [135.8]	154.0 [129.9]	299.6*** [130.2]	298.3*** [130.3]	154.0 [116.1]
Maritime Department			18.02 [48.56]	-3.492 [52.17]	19.09 [49.69]	27.89 [50.42]	3.562 [50.89]	-31.38 [71.84]	-41.06 [72.70]	-24.97 [72.86]	1.279 [76.11]	9.428 [68.55]
Border Department			94.11* [55.72]	1.947 [55.47]	96.84* [57.26]	88.26 [57.11]	-18.56 [64.38]	57.36 [73.50]	5.872 [66.45]	69.80 [73.29]	29.02 [84.56]	-18.62 [79.89]
Distance to Paris			-0.262 [0.435]	-0.411 [0.395]	-0.262 [0.443]	-0.244 [0.452]	-0.380 [0.401]	-0.219 [0.481]	-0.390 [0.438]	-0.221 [0.494]	-0.141 [0.553]	-0.427 [0.468]
Paris and Suburbs			-0.573 [167.0]	19.92 [120.0]	1.128 [164.0]	7.556 [150.4]	5.668 [115.9]	-40.57 [218.1]	52.78 [177.0]	-32.07 [202.1]	-13.57 [164.2]	-19.58 [156.7]
Grooms who Signed their Marriage License, 1786-1790				497.7*** [146.1]			530.5*** [158.8]		396.4** [176.3]			410.0** [189.3]
University					-18.88 [54.04]		51.61 [58.28]			-74.65 [73.83]		-23.51 [76.11]
Urban Population in 1700						-17.46 [17.75]	-21.74 [18.88]				-69.70** [32.96]	-64.05** [30.72]
Adjusted R2	0.015	0.555	0.543	0.608	0.538	0.544	0.608					
Observations	85	85	85	79	85	85	79	85	79	85	85	79
First stage: the instrumented variable is Number of Steam Engines												
Distance to Fresnes								-0.0108*** [0.00278]	-0.00985*** [0.00301]	-0.0109*** [0.00257]	-0.00861*** [0.00260]	-0.00814*** [0.00255]
F-stat (1 <sup>st</sup> stage)								15.052	10.695	17.925	10.970	10.170

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

engines in 1839-1847 had a positive and significant impact on the number of pupils enrolled in the primary schools of each department (per 10,000 inhabitants) in 1840 and 1863, accounting for the confounding effects of geographical, institutional and pre-industrial characteristics.<sup>22</sup> This positive effect appears to diminish between 1840 and 1863. In addition, in the IV regressions in Tables 7 and 8, there is a strongly positive and significant association between early literacy, as captured by the share of grooms who signed their marriage license in 1786-1790, and the number of pupils.<sup>23</sup> However the number of universities and the urban population in 1700 are negatively, and in some regressions significantly, correlated with the enrollment of pupils. The other characteristics of departments, i.e., latitude, land suitability, border departments, maritime departments as well as the distance to Paris, are shown to have no effect on the enrollment of pupils in the IV regressions. Overall, the IV estimates in Column (12) of Tables 7 and 8 suggest that a one-percent increase in the number of steam engines in a department in 1839-1847 increased the number of pupils in enrolled in the primary schools (per 10,000 inhabitants) by 215 in 1840 and 185 in 1863. As such, if a department had increased its number steam engines in 1839-1847 from the 25th percentile (i.e., 4 engines) to the 75th percentile (i.e., 31 engines), this 675 percent increase in the number of steam engines would lead to an increase in the number of pupils of 1449 in 1840 and 1249 in 1863 (relative to sample mean of 874 in 1840 and 1179 in 1863, per 10,000 inhabitants).

Finally, the association between intensity of the steam engines and the number of pupils enrolled in primary school of each department (per 10,000 inhabitants) in 1840 and 1863 is not affected by spatial correlation as shown in Tables D.3 and D.4 in Appendix D.

### 5.2.2 Apprenticeship

The effect of industrialization on the number of apprentices in each department (per 10,000 inhabitants) in 1863 is reported in Table 9. The unconditional relationship between the number of steam engines in industrial production in 1839-1847 and the share of apprentices in 1863 is positive and significant (Column (1)), and remains so when the confounding effects of exogenous geographical factors (Column (2)), institutional factors (Column (3)) and pre-industrial characteristics (Columns (4)-(7)) are accounted for.

The IV estimates in Columns (8)-(12) in Table 9 suggest that the number of steam engines in 1839-1847 had a positive and significant impact on the number of apprentices in each department (per 10,000 inhabitants) in 1863, accounting for the confounding effects of geographical, institutional and pre-industrial characteristics.<sup>24</sup> Overall, the IV estimates in Column (12) of Table 9 suggest

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<sup>22</sup>The F-statistic in the first stage is equal to 15.052. Furthermore, the IV coefficient in each specification is larger than the OLS coefficient, which can probably be attributed to measurement error in the explanatory variable – the number of steam engines.

<sup>23</sup>As established in Table B.2, the qualitative results are not affected if the share of grooms in the 1686-1690 and 1816-1820 periods is used instead.

<sup>24</sup>The F-statistic in the first stage is equal to 15.052. Furthermore, the IV coefficient in each specification is larger

**Table 9:** The effect of industrialization on the share of apprentices in the population in 1863

	(1) OLS	(2) OLS	(3) OLS	(4) OLS	(5) OLS	(6) OLS	(7) OLS	(8) IV	(9) IV	(10) IV	(11) IV	(12) IV
Apprentices (per 10,000 inhabitants), 1863												
Number of Steam Engines	2.193** [0.902]	2.012** [0.953]	1.738** [0.727]	1.915** [0.896]	1.653** [0.652]	1.632** [0.703]	1.767** [0.786]	5.861*** [2.005]	6.937*** [1.876]	5.854*** [2.004]	7.038*** [2.579]	8.216*** [2.556]
Average Rainfall		0.896 [2.490]	-0.0762 [2.793]	1.334 [2.566]	0.695 [2.474]	0.686 [2.686]	2.123 [2.709]	1.143 [4.192]	5.188 [5.262]	0.980 [4.315]	-4.665 [5.747]	-2.076 [6.459]
Average Temperature		-2.978 [2.295]	2.193 [3.414]	-0.340 [4.928]	2.006 [3.521]	2.443 [3.509]	0.131 [5.023]	-3.074 [6.096]	-8.741 [8.503]	-3.006 [6.105]	-5.470 [6.787]	-11.42 [8.947]
Latitude		21.58* [12.60]	6.189 [26.82]	27.88 [34.77]	9.092 [29.53]	6.657 [27.97]	33.21 [38.40]	-34.53 [48.20]	-8.706 [57.58]	-34.88 [48.17]	-41.68 [50.74]	-32.56 [61.39]
Land Suitability		-0.224 [2.127]	-1.571 [2.345]	-0.738 [2.449]	-1.662 [2.344]	-1.625 [2.345]	-0.896 [2.536]	-4.654 [3.793]	-4.172 [4.357]	-4.618 [3.745]	-4.505 [4.336]	-3.900 [5.076]
Maritime Department			2.212 [1.700]	2.202 [1.853]	2.120 [1.702]	2.103 [1.725]	1.902 [1.840]	0.542 [2.158]	0.482 [2.676]	0.570 [2.127]	1.243 [2.144]	2.155 [2.590]
Border Department			6.180*** [2.323]	7.265** [2.994]	5.944*** [2.159]	6.245** [2.386]	7.091** [2.855]	4.938** [2.124]	7.444*** [2.465]	4.993** [2.144]	4.329** [2.167]	7.089*** [2.455]
Distance to Paris			-0.00670 [0.00662]	-0.00311 [0.00771]	-0.00669 [0.00711]	-0.00690 [0.00673]	-0.00224 [0.00796]	-0.00523 [0.0115]	-0.00215 [0.0146]	-0.00524 [0.0114]	-0.00356 [0.0122]	-0.00429 [0.0150]
Paris and Suburbs			2.043 [3.156]	0.925 [3.291]	1.896 [2.909]	1.953 [3.108]	1.263 [3.411]	0.691 [4.131]	2.429 [6.248]	0.728 [4.165]	1.270 [4.160]	0.174 [5.481]
Grooms who Signed their Marriage License, 1786-1790				-4.136 [4.413]			-3.735 [4.085]		-8.770* [5.072]			-8.932 [5.819]
University					1.632 [1.761]		1.111 [1.706]			-0.330 [2.208]		-2.128 [2.652]
Urban Population in 1700						0.193 [0.309]	0.111 [0.366]				-1.496* [0.858]	-1.713* [0.955]
Adjusted R2	0.229	0.229	0.346	0.351	0.349	0.339	0.337					
Observations	85	85	85	79	85	85	79	85	79	85	85	79
First stage: the instrumented variable is Number of Steam Engines												
Distance to Fresnes								-0.0108*** [0.00278]	-0.00985*** [0.00301]	-0.0109*** [0.00257]	-0.00861*** [0.00260]	-0.00814*** [0.00255]
F F-stat (1 <sup>st</sup> stage)								15.052	10.695	17.925	10.970	10.170

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

that a one-percent increase in the number of steam engines in a department in 1839-1847 increased the number of apprentices (per 10,000 inhabitants) by 8.2 in 1863. As such, if a department had increased its number steam engines in 1839-1847 from the 25th percentile (i.e., 4 engines) to the 75th percentile (i.e., 31 engines), this 675 percent increase in the number of steam engines would lead to an increase of 55 in the number of apprentices in 1863 (relative to sample mean of 2.71 in 1863, per 10,000 inhabitants).

Finally, spatial correlation does not affect the association between the number of steam engines and the number of apprentices 1863 as established in Table D.5 in the Appendix.

### 5.3 The Effect of Industrialization on Literacy

The relationship between industrialization and literacy, as captured by the share of army conscripts who could read and write over the 1859-1868 period, is presented in Table 10.<sup>25</sup> In Column (1), unconditionally, the number of steam engines in 1839-1847 had a significant positive association with the share of literate conscripts. However, in the OLS regressions in Columns (2)-(7), this positive

than the OLS coefficient, which can probably be attributed to measurement error in the explanatory variable – the number of steam engines.

<sup>25</sup>Regression results using the share of literate conscripts over the 1847-1856 decade are similar to those obtained over the 1859-1868 period and are reported in Table C.1 in Appendix C.

**Table 10:** The effect of industrialization on the share of literate conscripts, 1859-1868

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	OLS	OLS	OLS	OLS	OLS	OLS	OLS	IV	IV	IV	IV	IV
Share of Conscripts who could Read and Write, 1859-1868												
Number of Steam Engines	0.0270** [0.0113]	0.0200	0.0185	0.00635	0.0196	0.0136	0.00396	0.0757**	0.0433*	0.0748**	0.0867**	0.0500*
Average Rainfall		0.0960	0.125	-0.0536	0.115	0.160	-0.0362	0.142	-0.0252	0.119	0.0880	-0.0662
Average Temperature		[0.0876]	[0.0974]	[0.103]	[0.100]	[0.112]	[0.109]	[0.0972]	[0.104]	[0.0986]	[0.117]	[0.102]
Latitude		-0.548***	-0.417***	-0.0978	-0.415***	-0.406**	-0.0932	-0.490***	-0.160	-0.481***	-0.513***	-0.176
		[0.139]	[0.148]	[0.147]	[0.148]	[0.155]	[0.156]	[0.139]	[0.136]	[0.136]	[0.137]	[0.139]
Land Suitability		0.0917	0.289	-0.478	0.252	0.311	-0.437	-0.276	-0.747	-0.326	-0.343	-0.906
		[0.392]	[0.947]	[0.894]	[0.962]	[0.914]	[0.871]	[0.842]	[0.817]	[0.881]	[0.922]	[0.878]
Maritime Department		0.248***	0.227***	0.0943	0.228***	0.224***	0.0938	0.184**	0.0690	0.189**	0.185**	0.0724
		[0.0689]	[0.0691]	[0.0740]	[0.0690]	[0.0714]	[0.0778]	[0.0761]	[0.0719]	[0.0735]	[0.0749]	[0.0696]
Border Department			-0.0362	-0.0576*	-0.0350	-0.0412	-0.0612	-0.0594	-0.0702*	-0.0554	-0.0529	-0.0594
			[0.0337]	[0.0344]	[0.0339]	[0.0329]	[0.0385]	[0.0395]	[0.0372]	[0.0401]	[0.0397]	[0.0379]
Distance to Paris			0.0619*	-0.0158	0.0649*	0.0649*	-0.0142	0.0447	-0.0145	0.0524	0.0390	-0.0142
			[0.0350]	[0.0288]	[0.0350]	[0.0341]	[0.0296]	[0.0407]	[0.0302]	[0.0402]	[0.0431]	[0.0333]
Paris and Suburbs			4.47e-05	1.57e-05	4.45e-05	3.55e-05	1.83e-05	6.51e-05	2.27e-05	6.35e-05	8.07e-05	3.72e-06
			[0.0003]	[0.0002]	[0.0003]	[0.0003]	[0.0002]	[0.0003]	[0.0002]	[0.0003]	[0.0003]	[0.0002]
Grooms who Signed their Marriage License, 1786-1790			0.191***	0.0795**	0.193***	0.187***	0.0846**	0.172***	0.0906*	0.177***	0.177***	0.0768
			[0.0474]	[0.0381]	[0.0487]	[0.0492]	[0.0370]	[0.0643]	[0.0486]	[0.0611]	[0.0606]	[0.0468]
University				0.443***			0.442***		0.409***			0.405***
				[0.0966]			[0.104]		[0.0999]			[0.100]
Urban Population in 1700					-0.0208		0.00157			-0.0466		-0.0215
					[0.0338]		[0.0307]			[0.0371]		[0.0297]
Adjusted R2	0.046	0.323	0.377	0.576	0.372	0.376	0.565					
Observations	85	85	85	79	85	85	79	85	79	85	85	79
First stage: the instrumented variable is Number of Steam Engines												
Distance to Fresnes								-0.0108*** [0.00278]	-0.00985*** [0.00301]	-0.0109*** [0.00257]	-0.00861*** [0.00260]	-0.00814*** [0.00255]
F-stat (1 <sup>st</sup> stage)								15.052	10.695	17.925	10.970	10.170

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

association is not significant once the confounding effects of exogenous geographical, institutional and pre-industrial factors are accounted for. Nevertheless, in the IV regressions in Columns (8)-(12) which mitigate the effect of omitted variables on the observed relationship and account for the confounding effects of geographical, institutional and pre-industrial characteristics, the effect of industrialization on the share of literate conscripts is found to be to positive and significant.<sup>26</sup>

Moreover, the regressions in Table 10 account for the impact of confounding geographical and institutional factors. In some of the IV regressions in Columns (8)-(12) of Table 10, land suitability had a significant positive association with the share of literate conscripts while temperature had a significant negative relationship, but the coefficients are only significant when the share of grooms who could sign their marriage license in 1786-1790 is excluded from the regressions.<sup>27</sup> In addition, the variables which control for the location of departments (i.e., latitude, border departments, maritime departments, departments at a greater distance from the concentration of political power in Paris) and pre-industrial development (the number of universities and urban population in 1700) appear orthogonal to industrialization and literacy. As could be expected, the dummy variable for

<sup>26</sup>The F-statistic in the first stage is equal to 15.052. Furthermore, the IV coefficient in each specification is larger than the OLS coefficient, which can probably be attributed to measurement error in the independent variable – the number of steam engines.

<sup>27</sup>As shown in Table B.2, the qualitative results are not affected if the share of grooms in the 1686-1690 and 1816-1820 periods is used instead.

Paris and its suburbs, as well as the share of grooms who could sign their marriage license in 1786-1790, are significantly and positively associated with the share of literate conscripts in 1859-1868. All in all, the IV estimate in Column (12) of Table 10 indicates that a one-percent increase in the number of steam engines in a department in 1839-1847 increased the share of literate conscripts in 1859-1868 by 0.05 percentage point. As such, if a department had increased its number steam engines in 1839-1847 from the 25th percentile (i.e., 4 engines) to the 75th percentile (i.e., 31 engines), this 675 percent increase in the number of steam engines would lead to a 33.75 percentage point increase in the share of literate conscripts in 1859-1868 (relative to sample mean of 73.57 per cent and a standard deviation of 14.96).

Finally, as established in Table D.6 in Appendix D, the association between the number of steam engines and the share of literate conscripts is not affected by spatial correlation.

## 6 Robustness Analysis

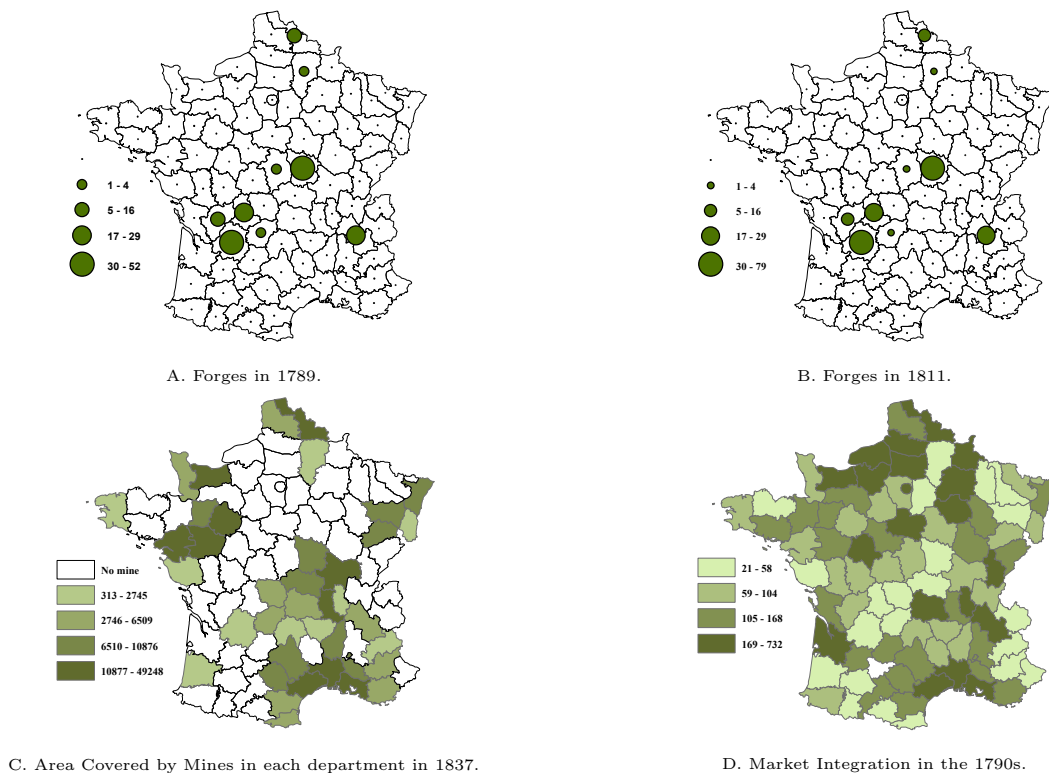
### 6.1 Confounding Factors

This subsection examines the robustness of the baseline analysis to the inclusion of additional confounding geographical, demographic, institutional and pre-industrial characteristics, which may have contributed to the relationship between industrialization and economic development. These confounding factors could be viewed as endogenous to the adoption of the steam engine and are thus not part of the baseline analysis.<sup>28</sup>

In what follows, the analysis focuses on the potential impact of these confounding factors on the baseline IV regressions in Tables 5 to 10, where the dependent variables are the number of teachers in 1840 and 1863, the share of pupils in the population in 1840 and 1863, and the share of literate conscripts over the 1859-1868 period.

#### 6.1.1 Access to Waterways

The number of steam engines in a department could have been affected by its trade potential, as proxied by the presence of rivers and of their main tributaries within the perimeter of the department. Using data on the paths of the Rhine, Loire, Meuse, Rhône, Seine and Garonne rivers as well as of their major tributaries (Dordogne, Charente and Escaut), Table B.3 establishes that a direct access to a river path, and thus to a major port, has no qualitative impact on the estimated effect of industrialization on human capital.



**Figure 7:** Early economic development across French departments.

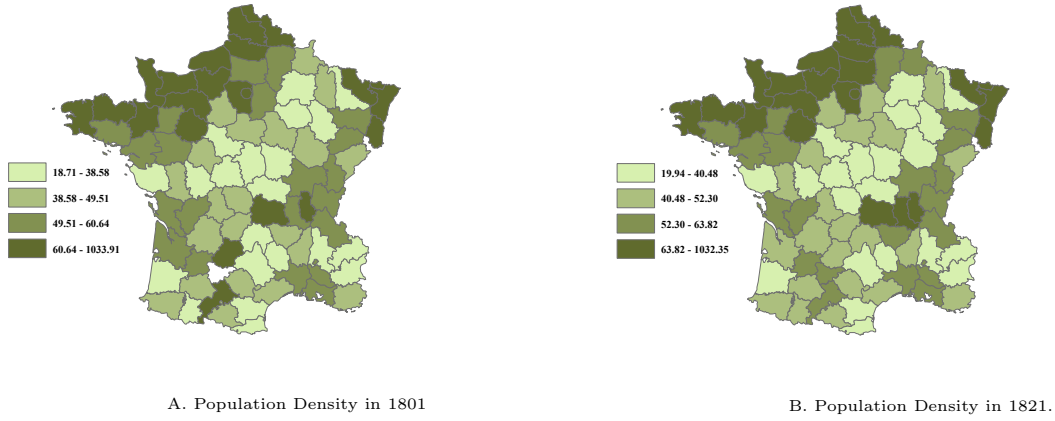
### 6.1.2 The Presence of Raw Material

The diffusion of the steam engine across French departments could have been impacted by the presence of raw material required for industrialization. Moreover the wealth generated by this raw material could have affected human capital. Nevertheless, the effect of industrialization on human capital in the first stages of the industrial revolution remains nearly intact, economically and statistically, when the number of iron forges in 1789 and 1811 (Panels A and B of Figure 7) in each department (Woronoff, 1997) are accounted for in Table B.4 or when the area covered by coal mines in 1837 (Panel C of Figure 7) in each department is taken into account in Table B.5.

### 6.1.3 Early Economic Integration

Human capital and the number of steam engines across France could have been affected by the early degree of economic integration of each department into the French economy. However, Table B.6 in Appendix B shows that the degree of market integration of each department, as proxied by the number of its external suppliers in the 1790s and graphed in Panel D of Figure 7, has no qualitative impact on the effect of industrialization on human capital in the early phase of the

<sup>28</sup>Some of these characteristics could be viewed as “bad controls” (Angrist and Pischke, 2009).



**Figure 8:** Population Density in 1801 and 1821

industrial revolution.

#### 6.1.4 Population Density

In light of the historical evidence that steam engines were more likely to be located in urban centers (Rosenberg and Trajtenberg, 2004), it is plausible that the potentially endogenous level of population density could have been a factor in the adoption of the steam engine and in the formation of human capital, and could have thus contributed to the relationship between industrialization and human capital formation. Reassuringly, as reported in Table B.7 in Appendix B, population density in each French department in 1801 and 1821 (as shown in Figure 8) has no qualitative impact on the estimated effects and the statistical significance of industrialization on human capital.<sup>29</sup>

#### 6.1.5 Past Level of Fertility

Human capital formation and the number of steam engines across France could have been affected by differential fertility patterns across French departments (reflecting cultural characteristics as well as economic incentives). In particular, conditional on pre-industrial levels of economic and human capital development, departments in which fertility was higher prior to the 1839-1847 industrial survey may have had characteristics that enhanced fertility and lowered the level of investment in human capital (Galor, 2011). However, as reported in Table B.8, although the level of fertility in 1806 has the predicted negative effect on the various measures of human capital formation in the post-1840 period, it has no qualitative impact on the estimated effect of industrialization on human capital formation.<sup>30</sup>

<sup>29</sup>The Tarn-et-Garonne department was established in 1812 from parts of Aveyron, Gers, Haute-Garonne, Lot and Lot-et-Garonne. Therefore, we lose one observation when population density in 1801 is included in the analysis.

<sup>30</sup>1806 is the earliest year for which the level of fertility is available across French departments (Bonneuil, 1997). Accounting for fertility in subsequent years, including the ones contemporaneous to the survey, does not affect the

### 6.1.6 Investments in Education as a Consumption Good

The documented rise in human capital formation in the first phase of industrialization is not necessarily indicative of technology-skill complementarity. The positive effect of industrialization on income may have generated a demand for human capital as a consumption good rather than as an investment good. Indeed, as documented in Table B.9, the intensity of industrialization was associated with higher average wages for men and women, as well as children (below age 16), in 1839-1847. Nevertheless, as established in Table B.10, the effect of industrialization on the various measures of human capital remains nearly intact, once one accounts for average male, female and child wages. In particular, the rise in parental income is mostly un-associated with human capital formation whereas the number of steam engines retains its positive impact on education. Moreover, the wages of children are unrelated to human capital formation, perhaps reflecting the compliance with the first limitation on child labor imposed by the 22 March 1841 law.

### 6.1.7 The Upper Tail of the Human Capital Distribution in the 18<sup>th</sup> century

The number of steam engines and human capital formation in the 19th century might have been affected by the upper tail of the human capital distribution in the previous century. As reported in Table B.11, the upper tail of the human capital distribution in the 18th century as captured by the number of subscribers to the Quarto edition of the *Encyclopédie* (Darnton, 1973; Squicciarini and Voigtländer, 2015) has no qualitative impact on the estimated impact of steam engines on human capital formation. Moreover, as established in Table B.1, it has no effect on the impact of the distance from Fresnes-sur-Escaut on the intensive use of the steam engine.

## 6.2 Alternative Measure of Human Capital: School Buildings

This subsection explores the robustness of the baseline analysis to an alternative proxy of human capital formation, i.e., school buildings. The analysis examines the effect of industrialization on the number of school buildings per commune (the lowest administrative division of the French territory) in each department. Surveys carried out in 1850 and 1863 indicate that the average number of school buildings per commune increased from 1.88 in 1850 to 2.19 in 1863, with large variations in the number of school buildings across departments.<sup>31</sup> Since the 1850 and 1863 surveys do not provide information on the size of the school buildings and the number of classrooms, this variable can be viewed as a slightly imprecise measure of human capital formation.

The relationship between industrialization and the number of school buildings in 1850 and 1863 is presented in Tables B.12 and B.13. In Column (1) of both Tables, the unconditional OLS

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results.

<sup>31</sup>French communes had been compelled by law to host at least one school building in their jurisdiction since 1833.



estimate between the number of steam engines in industrial production in 1839-1847 and the number of school buildings in 1840 and 1863 is positive but insignificant. This relationship remains positive and becomes mostly significant once the confounding effects of exogenous geographical factors (Column (2)), institutional factors (Column (3)) and pre-industrial characteristics (Columns (4)-(7)) are taken into account. Finally, in the IV estimations in Columns (8)-(12) which accounts for the confounding effects of geographical, institutional, and demographic characteristics, the number of steam engines in 1839-1847 is found to have a positive and mostly significant impact on the number of school buildings in 1840 and 1863. The IV estimates in Column (12) of Tables B.12 and 6 suggest that a one-percent increase in the number of steam engines in a department in 1839-1847 increased the number of primary schools by 0.317 in 1840 and 0.334 in 1863. As such, if a department had increased its number of steam engines in 1839-1847 from the 25th percentile (4) to the 75th percentile (31), this 675 percent increase in the number of steam engines would increase the number of school buildings by 2.14 in 1840 and 2.25 in 1863 (relative to a sample mean of 1.88 and a standard deviation of 1.34 in 1840 and a mean of 2.19 and a standard deviation of 2.56 in 1863).<sup>32</sup>

Moreover, in the IV regressions in Tables B.12 and B.13, there is a positive and significant association between the distance to Paris and the number of school buildings. There is also a negative and significant correlation between border departments and the number of school buildings. However other characteristics of departments such as latitude, land suitability, maritime departments, as well as pre-industrial human capital and economic development, do not have any effect on school buildings in the IV regressions.

## 7 Concluding Remarks

The research explores the effect of industrialization on human capital formation. Exploiting exogenous regional variations in the adoption of steam engines across France, the study establishes that in contrast to conventional wisdom that views early industrialization as a predominantly deskilling process, the industrial revolution was conducive for human capital formation, generating broad increases in literacy rates and education attainment.

In particular, the study established that during the first phase of industrialization in France, a French department that would have experienced an increase in the number steam engines from the 25th percentile to the 75th percentile of the distribution (during the 1839-1847 period), would have witness: (i) a 34 percentage point increase in the share of literate conscripts in 1859-1868, relative to sample mean of 74%, (ii) an additional 1249 pupils (per 10,000 inhabitants) relative to a sample

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<sup>32</sup>The F-statistic in the first stage is equal to 15.052 in the absence of pre-industrial controls. Furthermore, the IV coefficient in each specification is larger than the OLS coefficient, which can probably be attributed to measurement error in the explanatory variable – the number of steam engines.

mean of 1179, (iii) an additional 55 apprentices (per 10,000 inhabitants) relative to a sample mean of 2.71, and (iv) an additional 3362 teachers in 1863, relative to a sample mean of 1243.

The research thus lends further credence to the emerging view that human capital was instrumental in the process of industrialization, governing the pace of the transition from stagnation to growth and comparative economic development across the world.

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# Appendix A. Descriptive Statistics

**Table A.1:** Descriptive statistics

	Obs.	Mean	Std. Dev.	Min.	Max.
<b>Dependent Variables</b>					
Teachers, 1840	85	741.82	347.10	187	1907
Teachers, 1863	85	1242.93	612.15	515	4903
Pupils Enrolled in Schools (per 10,000 inhabitants), 1840	85	873.94	413.61	314	1794
Pupils Enrolled in Schools (per 10,000 inhabitants), 1863	85	1179.01	301.06	641	1909
Apprentices (per 10,000 inhabitants),1863	85	2.71	5.98	0	44.17
School buildings per Commune, 1850	85	1.88	1.34	1.01	12.22
Schools buildings per Commune, 1863	85	2.19	2.56	1.07	24.54
Share of Conscripits who could Read and Write, 1847-1856	85	0.63	0.18	0.31	0.96
Share of Conscripits who could Read and Write, 1859-1868	85	0.74	0.15	0.41	0.98
<b>Explanatory Variables</b>					
Number of Steam Engines	85	29.20	66.14	0	565
Number of Steam Engines per Inhabitant in 1841	85	.00006	.00007	0	.0005
Average Rainfall	85	872.23	152.11	642.90	1289.24
Average Temperature	85	10.57	1.50	4.60	13.73
Latitude	85	46.59	2.12	42.60	50.49
Land Suitability	85	0.75	0.18	0.21	0.98
Maritime Department	85	0.26	0.44	0	1
Border Department	85	0.20	0.40	0	1
Distance to Paris	85	353.73	179.53	1	686.79
Paris and Suburbs	85	0.04	0.19	0	1
Grooms who Signed their Marriage License, 1786-1790	79	0.42	0.24	0.05	0.92
University	85	0.19	0.39	0	1
Urban Population in 1700	85	21.76	58.96	0	510
<b>Instrumental Variable</b>					
Distance to Fresnes	85	485.44	216.60	42.88	862.60
<b>Variables for Robustness Analysis</b>					
<i>Early Economic and Human Development</i>					
Fertility, 1806	85	0.41	0.11	0.25	0.84
Grooms who Signed their Marriage License, 1686-1690	76	25.90	14.87	6.27	64.25
Grooms who Signed their Marriage License, 1816-1820	78	50.61	22.14	13.35	96.28
Population Density, 1801	84	0.75	1.55	0.19	13.17
Population Density, 1821	85	0.85	1.94	0.21	17.15
Iron Forges, 1789	85	2.25	8.95	0	52
Iron Forges, 1811	85	2.65	11.34	0	79
Presence of Iron Forges, 1789	85	0.11	0.31	0	1
Presence of Iron Forges, 1811	85	0.11	0.31	0	1
Market Integration during the French Revolution	84	134.68	107.44	21	732
Share of department's territory covered by mines, 1837	85	0.008	0.015	0.00009	0.086
Encyclopedie subscribers	85	82.84	146.36	0	1078
<i>Wages, 1839-1847</i>					
Average Male Wage, 1839-1847	85	194.40	34.02	145.60	342.57
Average Female Wage, 1839-1847	85	90.88	18.14	62.5	155.56
Average Child Wage, 1839-1847	85	64.44	13.81	40.96	111.27
<i>Geographic Variables</i>					
Rivers and Tributaries	85	0.565	0.498	0	1
Distance from London	85	620.71	219.31	242.93	1015.33
Distance from Marseille	85	483.10	215.25	1	902.67
Distance from Lyon	85	334.58	149.94	1	723.27
Distance from Rouen	85	405.74	199.16	1	774.94
Distance from Mulhouse	85	456.25	187.92	36.61	853.41
Distance from Bordeaux	85	398.27	171.53	1	759.49
Distance from Fresnes (weeks of travel)	85	.471	0.185	0.045	0.862
Distance from Paris (weeks of travel)	85	0.389	0.168	0.003	0.693
Distance from Marseille (weeks of travel)	85	0.509	0.232	0.041	0.999
Distance from Lyon (weeks of travel)	85	0.427	.229	0.029	0.960
Distance from Mulhouse (weeks of travel)	85	0.641	0.292	0.012	1.126
Distance from Rouen (weeks of travel)	85	0.442	0.201	0.022	0.839
Distance from Bordeaux (weeks of travel)	85	0.513	0.265	0.002	1.125

## Appendix B. Additional Robustness Analysis

**Table B.1:** The geographical diffusion of the steam engine: robustness analysis

	(1) OLS	(2) OLS	(3) OLS	(4) OLS	(5) OLS	(6) OLS	(7) OLS	(8) OLS	(9) OLS	(10) OLS	(11) OLS	(12) OLS	(13) OLS	(14) OLS
	Number of Steam Engines													
Distance to Fresnes	-0.0107*** [0.00278]	-0.00818*** [0.00259]	-0.0106*** [0.00276]	-0.00818*** [0.00258]	-0.0105*** [0.00273]	-0.00747*** [0.00252]	-0.0106*** [0.00273]	-0.00748*** [0.00252]	-0.00806*** [0.00255]	-0.00744*** [0.00255]	-0.00834*** [0.00246]	-0.00636*** [0.00233]	-0.00995*** [0.00270]	-0.00813*** [0.00256]
Distance to Paris	-0.601 [0.860]	0.403 [0.961]	-0.589 [0.846]	0.425 [0.957]	-0.738 [0.851]	-0.0354 [0.953]	-0.739 [0.851]	-0.0365 [0.952]	-0.419 [0.783]	0.136 [0.840]	-0.760 [0.824]	0.0749 [0.926]	-0.542 [0.818]	0.390 [0.988]
Average Rainfall	2.576** [1.101]	2.469** [1.086]	2.540** [1.095]	2.455** [1.075]	2.544** [1.092]	2.667** [1.049]	2.545** [1.095]	2.684** [1.046]	2.707*** [0.884]	2.288** [0.987]	1.921* [1.021]	2.011* [1.097]	2.535** [1.052]	2.437** [1.075]
Average Temperature	-14.36 [10.98]	-7.112 [10.06]	-14.51 [10.98]	-7.306 [10.05]	-13.14 [11.05]	-6.107 [9.894]	-13.11 [11.06]	-6.027 [9.882]	-8.722 [9.788]	-4.966 [9.879]	-9.211 [10.40]	-3.438 [9.660]	-12.51 [10.41]	-7.477 [10.06]
Latitude	0.0576 [0.560]	0.150 [0.576]	0.0599 [0.553]	0.131 [0.575]	0.0613 [0.548]	0.0270 [0.551]	0.0594 [0.549]	0.0182 [0.551]	-0.355 [0.484]	-0.0282 [0.530]	0.179 [0.537]	0.248 [0.582]	-0.00673 [0.547]	0.121 [0.567]
Land Suitability	0.424 [0.846]	0.416 [0.561]	0.344 [0.849]	0.412 [0.561]	0.606 [0.676]	0.335 [0.556]	0.611 [0.676]	0.339 [0.553]	0.744 [0.486]	0.953 [0.612]	0.269 [0.641]	0.107 [0.567]	0.306 [0.600]	0.401 [0.570]
Maritime Department	0.431 [0.405]	0.0394 [0.396]	0.435 [0.395]	0.0568 [0.387]	0.449 [0.403]	0.0487 [0.385]	0.449 [0.404]	0.0446 [0.385]	0.146 [0.338]	-0.0725 [0.346]	0.675* [0.352]	0.259 [0.353]	0.405 [0.387]	0.0631 [0.386]
Border Department	-0.186 [0.372]	-0.316 [0.318]	-0.181 [0.368]	-0.313 [0.316]	-0.156 [0.364]	-0.339 [0.307]	-0.158 [0.364]	-0.339 [0.307]	0.167 [0.325]	0.00199 [0.315]	0.0441 [0.315]	-0.0826 [0.349]	-0.148 [0.303]	-0.311 [0.366]
Paris and Suburbs	0.006** [0.003]	0.006** [0.003]	0.006** [0.003]	0.005** [0.003]	0.006** [0.003]	0.005** [0.002]	0.006** [0.003]	0.005** [0.002]	0.005** [0.002]	0.005** [0.002]	0.005** [0.002]	0.005** [0.002]	0.00552** [0.00263]	0.00518** [0.00249]
Grooms who Signed their Marriage License, 1786-1790		0.346 [0.696]		0.356 [0.699]		0.815 [0.727]		0.826 [0.728]		-0.198 [0.656]		0.370 [0.666]		0.359 [0.690]
University		0.533* [0.318]		0.546* [0.314]		0.466 [0.319]		0.470 [0.317]		0.435 [0.317]		0.261 [0.332]		0.542* [0.318]
Urban Population in 1700		0.231** [0.0938]		0.229** [0.0935]		0.213** [0.0954]		0.214** [0.0953]		0.0910 [0.0980]		0.202** [0.0905]		0.220* [0.112]
Population Density, 1801	0.177 [0.557]	-0.128 [0.513]												
Population Density, 1821			0.262 [0.516]	-0.0813 [0.531]										
Iron Forges in 1789					0.260 [0.264]	0.328 [0.340]								
Presence of Iron Forges in 1789					-0.306 [0.595]	-0.306 [0.845]								
Iron Forges in 1811							0.243 [0.229]	0.329 [0.283]						
Presence of Iron Forges in 1811							-0.277 [0.542]	-0.326 [0.757]						
Market Integration during the French Revolution									0.722*** [0.166]	0.633*** [0.235]				
Rivers and Tributaries											0.785*** [0.234]	0.631** [0.244]		
Encyclopedie subscribers													0.0017 [0.001]	0.0002 [0.0009]
Adjusted $R^2$	0.324	0.413	0.327	0.413	0.328	0.423	0.328	0.424	0.448	0.477	0.403	0.461	0.358	0.413
Observations	84	78	85	79	85	79	85	79	84	78	85	79	85	79

Note: The dependent variable and the explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table B.2:** Industrialization and human capital formation, accounting for grooms who could sign their marriage license in 1686-1690 and 1816-1820

	(1) IV	(2) IV Teachers 1840	(3) IV	(4) IV	(5) IV Teachers 1863	(6) IV	(7) IV Pupils (per 10,000 inhabitants) 1840	(8) IV Pupils (per 10,000 inhabitants) 1840	(9) IV	(10) IV Pupils (per 10,000 inhabitants) 1863	(11) IV Pupils (per 10,000 inhabitants) 1863	(12) IV	(13) IV Share of Conscripts who could Read and Write, 1859-1868	(14) IV	(15) IV
Number of Steam Engines	247.6*** [60.58]	256.9*** [69.50]	226.8*** [72.09]	424.0*** [86.89]	451.7*** [86.39]	452.5*** [102.9]	238.7*** [89.13]	222.0*** [74.88]	183.0** [77.15]	160.6*** [49.33]	156.0*** [49.20]	133.1*** [53.49]	0.0757** [0.0322]	0.0634*** [0.0195]	0.0369** [0.0173]
Grooms who Signed their Marriage License, 1686-1690		248.7 [298.4]			-493.3 [412.9]			1,124*** [355.0]			459.5** [231.4]			0.613*** [0.0955]	
Grooms who Signed their Marriage License, 1816-1820			479.7** [217.3]			-104.3 [331.0]			1,241*** [237.0]			620.0*** [173.8]			0.585*** [0.0671]
Average Rainfall	687.1*** [225.2]	691.0*** [222.5]	544.1*** [239.7]	705.1** [322.2]	627.0** [316.8]	789.6** [369.4]	716.1*** [237.0]	819.4*** [246.7]	282.5 [231.7]	585.7*** [168.9]	614.1*** [185.6]	374.5** [187.6]	0.142 [0.0972]	0.204** [0.0962]	-0.0834 [0.0993]
Average Temperature	-1,171*** [298.0]	-966.7** [402.5]	-801.4** [358.1]	-984.5** [392.1]	-1,261*** [459.5]	-1,202** [485.4]	-1,849*** [347.5]	-1,138*** [367.4]	-910.0*** [282.3]	-1,407*** [259.8]	-1,035*** [285.1]	-924.8*** [253.0]	-0.490*** [0.139]	-0.173 [0.122]	-0.0375 [0.0899]
Latitude	788.9 [2,149]	821.0 [2,323]	-96.64 [2,350]	1,447 [2,852]	1,722 [2,892]	1,425 [3,382]	775.6 [2,144]	497.6 [2,348]	-1,851 [2,264]	-1,127 [1,574]	-1,594 [1,639]	-2,748* [1,611]	-0.276 [0.842]	-0.468 [0.867]	-1.194** [0.594]
Land Suitability	247.1 [158.0]	122.5 [167.9]	44.54 [181.8]	37.39 [205.0]	22.38 [208.4]	34.53 [243.7]	398.2** [198.6]	217.0 [173.5]	-39.42 [151.6]	291.4** [135.8]	198.4 [129.9]	63.07 [120.5]	0.184** [0.0761]	0.104* [0.0592]	-0.00709 [0.0504]
Maritime Department	64.63 [98.54]	75.97 [109.1]	75.22 [98.00]	129.5 [132.0]	183.1 [149.1]	156.7 [148.9]	-121.7 [100.4]	-182.7* [108.6]	-151.4 [92.95]	-31.38 [71.84]	-55.15 [77.98]	-39.91 [69.52]	-0.0594 [0.0395]	-0.0853** [0.0373]	-0.0651** [0.0282]
Border Department	-42.35 [96.32]	-1,258 [93.97]	-73.93 [94.98]	-154.2 [120.3]	-62.27 [110.9]	-107.0 [115.9]	84.78 [110.1]	57.65 [109.0]	-51.12 [91.11]	57.36 [73.50]	63.20 [75.23]	-13.19 [62.96]	0.0447 [0.0407]	0.00822 [0.0364]	-0.0291 [0.0288]
Distance to Paris	0.566 [0.588]	0.510 [0.636]	0.350 [0.587]	0.778 [0.801]	0.636 [0.875]	0.747 [0.873]	0.435 [0.638]	0.520 [0.643]	-0.0556 [0.544]	-0.219 [0.481]	-0.321 [0.488]	-0.552 [0.434]	6.51e-05 [0.000265]	0.000144 [0.000265]	-9.99e-05 [0.000185]
Paris and Suburbs	378.2*** [111.7]	290.9*** [106.5]	193.0* [109.1]	1,346 [840.1]	370.9** [178.3]	362.9* [185.3]	81.07 [244.7]	154.5 [184.9]	-59.30 [221.5]	-40.57 [218.1]	78.02 [180.8]	-28.29 [202.3]	0.172*** [0.0643]	0.121** [0.0581]	0.0245 [0.0643]
Observations	85	76	78	85	76	78	85	76	78	85	76	78	85	76	78
First stage: the instrumented variable is Number of Steam Engines															
Distance to Fresnes	-0.0108*** [0.00278]	-0.0101*** [0.00302]	-0.00931*** [0.00305]	-0.0108*** [0.00278]	-0.0101*** [0.00302]	-0.00931*** [0.00305]	-0.0108*** [0.00278]	-0.0101*** [0.00302]	-0.00931*** [0.00305]	-0.0108*** [0.00278]	-0.0101*** [0.00302]	-0.00931*** [0.00305]	-0.0108*** [0.00278]	-0.0101*** [0.00302]	-0.00931*** [0.00305]
F-stat (1 <sup>st</sup> stage)	15.052	11.175	9.335	15.052	11.175	9.335	15.052	11.175	9.335	15.052	11.175	9.335	15.052	11.175	9.335

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.



**Table B.3:** Industrialization and human capital formation, accounting for access to waterways

	(1) IV	(2) IV	(3) IV	(4) IV	(5) IV	(6) IV	(7) IV	(8) IV	(9) IV	(10) IV
	Teachers				Pupils (per 10,000 inhabitants)				Share of Conscripts who could Read and Write, 1859-1868	
	1840		1863		1840		1863			
Number of Steam Engines	247.6*** [60.58]	308.3*** [80.02]	424.0*** [86.89]	481.4*** [124.6]	238.7*** [89.13]	341.5*** [117.1]	160.6*** [49.33]	236.3*** [68.98]	0.0757** [0.0322]	0.103** [0.0426]
Rivers and Tributaries		-211.0** [99.13]		-199.9 [160.1]		-357.6*** [120.6]		-263.5*** [88.28]		-0.0961* [0.0508]
Average Rainfall	687.1*** [225.2]	768.8*** [253.9]	705.1** [322.2]	782.5** [372.7]	716.1*** [237.0]	854.6*** [256.2]	585.7*** [168.9]	687.8*** [181.3]	0.142 [0.0972]	0.179* [0.103]
Average Temperature	-1.171*** [298.0]	-1.141*** [312.2]	-984.5** [392.1]	-956.1** [428.1]	-1.849*** [347.5]	-1.798*** [360.3]	-1.407*** [259.8]	-1.370*** [257.0]	-0.490*** [0.139]	-0.477*** [0.144]
Latitude	788.9 [2.149]	311.1 [2.560]	1.447 [2.852]	995.0 [3.325]	775.6 [2.144]	-33.93 [2.787]	-1.127 [1.574]	-1.724 [2.080]	-0.276 [0.842]	-0.494 [0.970]
Land Suitability	247.1 [158.0]	210.2 [180.8]	37.39 [205.0]	2.408 [248.2]	398.2** [198.6]	335.6 [205.9]	291.4** [135.8]	245.3* [131.2]	0.184** [0.0761]	0.167** [0.0776]
Maritime Department	64.63 [98.54]	-26.23 [117.9]	129.5 [132.0]	43.40 [163.8]	-121.7 [100.4]	-275.7** [128.6]	-31.38 [71.84]	-144.8 [93.33]	-0.0594 [0.0395]	-0.101* [0.0535]
Border Department	-42.35 [96.32]	-92.35 [109.6]	-154.2 [120.3]	-201.6 [144.9]	84.78 [110.1]	0.0515 [129.3]	57.36 [73.50]	-5.069 [86.10]	0.0447 [0.0407]	0.0219 [0.0458]
Distance to Paris	0.566 [0.588]	0.547 [0.639]	0.778 [0.801]	0.761 [0.861]	0.435 [0.638]	0.403 [0.709]	-0.219 [0.481]	-0.242 [0.541]	6.51e-05 [0.000265]	5.66e-05 [0.000281]
Paris and Suburbs	378.2*** [111.7]	420.7*** [99.94]	1.346 [840.1]	1.386* [824.5]	81.07 [244.7]	153.0 [287.9]	-40.57 [218.1]	12.46 [252.9]	0.172*** [0.0643]	0.191*** [0.0723]
Observations	85	85	85	85	85	85	85	85	85	85
First stage: the instrumented variable is Number of Steam Engines										
Distance to Fresnes	-0.0108*** [0.00278]	-0.00834*** [0.00246]	-0.0108*** [0.00278]	-0.00834*** [0.00246]	-0.0108*** [0.00278]	-0.00834*** [0.00246]	-0.0108*** [0.00278]	-0.00834*** [0.00246]	-0.0108*** [0.00278]	-0.00834*** [0.00246]
F-stat (1 <sup>st</sup> stage)	15.052	11.504	15.052	11.504	15.052	11.504	15.052	11.504	15.052	11.504

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table B.4:** Industrialization and human capital formation, accounting for iron forges before 1815

	(1) IV	(2) IV Teachers 1840	(3) IV	(4) IV	(5) IV Teachers 1863	(6) IV	(7) IV Pupils (per 10,000 inhabitants)	(8) IV Pupils (per 10,000 inhabitants)	(9) IV Pupils (per 10,000 inhabitants)	(10) IV Pupils (per 10,000 inhabitants)	(11) IV Pupils (per 10,000 inhabitants)	(12) IV Pupils (per 10,000 inhabitants)	(13) IV Share of Conscripts who could Read and Write, 1859-1868	(14) IV	(15) IV
Number of Steam Engines	247.6*** [60.58]	253.6*** [62.97]	253.3*** [62.70]	424.0*** [86.89]	431.3*** [93.44]	430.5*** [93.23]	238.7*** [89.13]	273.5*** [71.74]	273.2*** [71.60]	160.6*** [49.33]	185.1*** [43.55]	185.3*** [43.55]	0.0757** [0.0322]	0.0916*** [0.0233]	0.0915*** [0.0233]
Iron Forges, 1789		23.64 [104.5]			-41.14 [114.2]			-38.41 [70.17]						-0.0199 [0.0214]	
Presence of Iron Forges, 1789		-133.6 [258.9]			-4.690 [273.7]			-380.5*** [147.2]				-299.9*** [81.22]		-0.168** [0.0659]	
Iron Forges, 1811			10.67 [98.87]			-53.51 [109.2]			-40.14 [63.97]			-7.139 [31.74]			-0.0182 [0.0192]
Presence of Iron Forges, 1811			-99.73 [249.8]			31.71 [268.5]			-373.3*** [138.2]			-315.9*** [77.39]		-0.172*** [0.0628]	
Average Rainfall	687.1*** [225.2]	712.2*** [225.5]	713.0*** [225.7]	705.1** [322.2]	750.8** [337.7]	751.8** [337.2]	716.1*** [237.0]	900.6*** [231.4]	900.9*** [231.2]	585.7*** [168.9]	713.0*** [154.7]	712.6*** [154.8]	0.142 [0.0972]	0.227** [0.0914]	0.227** [0.0914]
Average Temperature	-1.171*** [298.0]	-1.153*** [301.9]	-1.155*** [303.0]	-984.5** [392.1]	-970.4** [399.1]	-972.9** [398.8]	-1.849*** [347.5]	-1.765*** [329.6]	-1.765*** [329.4]	-1.407*** [259.8]	-1.347*** [235.2]	-1.345*** [235.6]	-0.490*** [0.139]	-0.452*** [0.129]	-0.452*** [0.129]
Latitude	788.9 [2,149]	581.2 [2,192]	595.1 [2,193]	1,447 [2,852]	1,189 [2,904]	1,194 [2,898]	775.6 [2,144]	-449.8 [2,319]	-453.0 [2,317]	-1,127 [1,574]	-1,992 [1,709]	-1,998 [1,709]	-0.276 [0.842]	-0.836 [0.844]	-0.840 [0.843]
Land Suitability	247.1 [158.0]	238.7 [161.5]	239.8 [161.5]	37.39 [205.0]	31.31 [213.1]	33.26 [212.7]	398.2** [198.6]	359.8** [174.8]	360.6** [174.7]	291.4** [135.8]	263.5** [119.9]	263.0** [120.0]	0.184** [0.0761]	0.167*** [0.0634]	0.167*** [0.0635]
Maritime Department	64.63 [98.54]	60.09 [101.8]	60.11 [101.7]	129.5 [132.0]	122.5 [136.6]	122.8 [136.4]	-121.7 [100.4]	-151.7 [115.4]	-151.5 [115.3]	-31.38 [71.84]	-52.29 [82.35]	-52.29 [82.37]	-0.0594 [0.0395]	-0.0731* [0.0444]	-0.0731* [0.0443]
Border Department	-42.35 [96.32]	-35.41 [98.88]	-37.39 [99.09]	-154.2 [120.3]	-155.5 [125.3]	-157.7 [124.9]	84.78 [110.1]	100.8 [102.7]	100.3 [102.3]	57.36 [73.50]	70.59 [68.38]	71.52 [68.41]	0.0447 [0.0407]	0.0516 [0.0368]	0.0518 [0.0367]
Distance to Paris	0.566 [0.588]	0.495 [0.593]	0.501 [0.594]	0.778 [0.801]	0.700 [0.801]	0.703 [0.798]	0.435 [0.638]	0.0419 [0.641]	0.0406 [0.640]	-0.219 [0.481]	-0.498 [0.494]	-0.501 [0.493]	6.51e-05 [0.000265]	-0.000114 [0.000254]	-0.000116 [0.000254]
Paris and Suburbs	378.2*** [111.7]	357.4*** [113.7]	359.0*** [114.2]	1,346 [840.1]	1,322 [836.4]	1,323 [836.7]	81.07 [244.7]	-37.23 [258.2]	-37.22 [257.8]	-40.57 [218.1]	-124.3 [231.0]	-125.1 [231.1]	0.172*** [0.0643]	0.118* [0.0671]	0.118* [0.0670]
Observations	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85

First stage: the instrumented variable is Number of Steam Engines														
Distance to Fresnes	-0.0108*** [0.00278]	-0.0105*** [0.00273]	-0.0106*** [0.00273]	-0.0108*** [0.00278]	-0.0105*** [0.00273]	-0.0106*** [0.00273]	-0.0108*** [0.00278]	-0.0105*** [0.00273]	-0.0106*** [0.00273]	-0.0108*** [0.00278]	-0.0105*** [0.00273]	-0.0106*** [0.00273]	-0.0108*** [0.00278]	-0.0105*** [0.00273]
F-stat (1 <sup>st</sup> stage)	15.052	14.976	14.959	15.052	14.976	14.959	15.052	14.976	14.959	15.052	14.976	14.959	15.052	14.976

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table B.5:** Industrialization and human capital formation, accounting for mines in 1837

	(1) IV	(2) IV	(3) IV	(4) IV	(5) IV	(6) IV	(7) IV	(8) IV	(9) IV	(10) IV
	Teachers				Pupils (per 10,000 inhabitants)				Share of Conscripents who could Read and Write, 1859-1868	
	1840		1863		1840		1863			
Number of Steam Engines	247.6*** [60.58]	308.5*** [91.10]	424.0*** [86.89]	475.3*** [129.7]	238.7*** [89.13]	370.0*** [115.3]	160.6*** [49.33]	228.0*** [69.46]	0.0757** [0.0322]	0.115*** [0.0408]
Share of department's territory covered by mines, 1837		-48.04* [27.50]		-40.53 [40.59]		-103.5*** [31.80]		-53.19*** [20.57]		-0.0306*** [0.0113]
Average Rainfall	687.1*** [225.2]	651.4*** [243.7]	705.1** [322.2]	675.0** [342.9]	716.1*** [237.0]	639.3** [284.1]	585.7*** [168.9]	546.3*** [188.9]	0.142 [0.0972]	0.119 [0.106]
Average Temperature	-1.171*** [298.0]	-1.413*** [390.0]	-984.5** [392.1]	-1.189** [507.3]	-1.849*** [347.5]	-2.372*** [446.5]	-1.407*** [259.8]	-1.676*** [308.1]	-0.490*** [0.139]	-0.645*** [0.162]
Latitude	788.9 [2.149]	1,170 [2.436]	1,447 [2.852]	1,769 [3.117]	775.6 [2.144]	1,597 [3.007]	-1,127 [1.574]	-705.3 [2.018]	-0.276 [0.842]	-0.0332 [1.069]
Land Suitability	247.1 [158.0]	225.5 [181.1]	37.39 [205.0]	19.22 [233.3]	398.2** [198.6]	351.8 [216.6]	291.4** [135.8]	267.5* [139.3]	0.184** [0.0761]	0.170** [0.0800]
Maritime Department	64.63 [98.54]	59.53 [115.6]	129.5 [132.0]	125.2 [143.2]	-121.7 [100.4]	-132.7 [150.7]	-31.38 [71.84]	-37.02 [99.70]	-0.0594 [0.0395]	-0.0626 [0.0529]
Border Department	-42.35 [96.32]	-129.7 [122.8]	-154.2 [120.3]	-227.9 [164.6]	84.78 [110.1]	-103.4 [157.7]	57.36 [73.50]	-39.31 [104.5]	0.0447 [0.0407]	-0.0111 [0.0530]
Distance to Paris	0.566 [0.588]	1.047 [0.701]	0.778 [0.801]	1.185 [0.984]	0.435 [0.638]	1.473* [0.875]	-0.219 [0.481]	0.314 [0.594]	6.51e-05 [0.000265]	0.000372 [0.000340]
Paris and Suburbs	378.2*** [111.7]	392.5*** [117.8]	1,346 [840.1]	1,358 [853.1]	81.07 [244.7]	111.9 [258.9]	-40.57 [218.1]	-24.75 [225.3]	0.172*** [0.0643]	0.181** [0.0754]
Observations	85	85	85	85	85	85	85	85	85	85
First stage: the instrumented variable is Horse Power of Steam Engines										
Distance to Fresnes	-0.0108*** [0.00278]	-0.00797*** [0.00227]	-0.0108*** [0.00278]	-0.00797*** [0.00227]	-0.0108*** [0.00278]	-0.00797*** [0.00227]	-0.0108*** [0.00278]	-0.00797*** [0.00227]	-0.0108*** [0.00278]	-0.00797*** [0.00227]
F-stat (1 <sup>st</sup> stage)	15.052	12.307	15.052	12.307	15.052	12.307	15.052	12.307	15.052	12.307

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table B.6:** Industrialization and human capital formation, accounting for market integration during the French Revolution

	(1) IV	(2) IV	(3) IV	(4) IV	(5) IV	(6) IV	(7) IV	(8) IV	(9) IV	(10) IV
	Teachers				Pupils (per 10,000 inhabitants)				Share of Conscripts who could Read and Write, 1859-1868	
	1840		1863		1840		1863			
Number of Steam Engines	247.6*** [60.58]	269.0*** [82.88]	424.0*** [86.89]	398.4*** [121.9]	238.7*** [89.13]	289.5** [127.4]	160.6*** [49.33]	200.9*** [74.78]	0.0757** [0.0322]	0.0812* [0.0452]
Market Integration during the French Revolution		-59.83 [84.40]		75.34 [151.4]		-145.5 [120.5]		-114.7 [84.27]		-0.0154 [0.0463]
Average Rainfall	687.1*** [225.2]	670.4*** [239.6]	705.1** [322.2]	682.3** [322.1]	716.1*** [237.0]	715.7*** [270.2]	585.7*** [168.9]	574.8*** [193.7]	0.142 [0.0972]	0.140 [0.101]
Average Temperature	-1,171*** [298.0]	-1,227*** [332.2]	-984.5** [392.1]	-898.0** [437.3]	-1,849*** [347.5]	-2,001*** [377.3]	-1,407*** [259.8]	-1,523*** [265.3]	-0.490*** [0.139]	-0.505*** [0.141]
Latitude	788.9 [2,149]	703.4 [2,299]	1,447 [2,852]	1,763 [2,819]	775.6 [2,144]	377.2 [2,532]	-1,127 [1,574]	-1,391 [1,839]	-0.276 [0.842]	-0.308 [0.909]
Land Suitability	247.1 [158.0]	285.4* [153.0]	37.39 [205.0]	5.686 [208.2]	398.2** [198.6]	476.2*** [180.7]	291.4** [135.8]	356.8*** [125.1]	0.184** [0.0761]	0.193*** [0.0671]
Maritime Department	64.63 [98.54]	70.55 [98.35]	129.5 [132.0]	95.76 [131.6]	-121.7 [100.4]	-83.25 [103.1]	-31.38 [71.84]	-7.398 [72.23]	-0.0594 [0.0395]	-0.0567 [0.0391]
Border Department	-42.35 [96.32]	-71.36 [112.1]	-154.2 [120.3]	-129.0 [148.1]	84.78 [110.1]	24.57 [125.8]	57.36 [73.50]	7.196 [86.91]	0.0447 [0.0407]	0.0377 [0.0447]
Distance to Paris	0.566 [0.588]	0.586 [0.629]	0.778 [0.801]	0.883 [0.789]	0.435 [0.638]	0.365 [0.725]	-0.219 [0.481]	-0.243 [0.540]	6.51e-05 [0.000265]	6.43e-05 [0.000278]
Paris and Suburbs	378.2*** [111.7]	352.0** [139.5]	1,346 [840.1]	1,383 [844.6]	81.07 [244.7]	13.80 [242.4]	-40.57 [218.1]	-92.67 [205.4]	0.172*** [0.0643]	0.165** [0.0744]
Observations	85	84	85	84	85	84	85	84	85	84

First stage: the instrumented variable is Number of Steam Engines										
Distance to Fresnes	-0.0108*** [0.0028]	-0.00806*** [0.0026]	-0.0108*** [0.0028]	-0.00806*** [0.0026]	-0.0108*** [0.0028]	-0.00806*** [0.0026]	-0.0108*** [0.0028]	-0.00806*** [0.0026]	-0.0108*** [0.0028]	-0.00806*** [0.0026]
F-stat (1 <sup>st</sup> stage)	15.052	10.010	15.052	10.010	15.052	10.010	15.052	10.010	15.052	10.010

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table B.7:** Industrialization and human capital formation, accounting for population density in the 19<sup>th</sup> century

	(1) IV	(2) IV Teachers 1840	(3) IV	(4) IV	(5) IV Teachers 1863	(6) IV	(7) IV Pupils (per 10,000 inhabitants) 1840	(8) IV Pupils (per 10,000 inhabitants) 1840	(9) IV Pupils (per 10,000 inhabitants) 1840	(10) IV Pupils (per 10,000 inhabitants) 1863	(11) IV Pupils (per 10,000 inhabitants) 1863	(12) IV Pupils (per 10,000 inhabitants) 1863	(13) IV Share of Conscripts who could Read and Write, 1859-1868	(14) IV Share of Conscripts who could Read and Write, 1859-1868	(15) IV Share of Conscripts who could Read and Write, 1859-1868
Number of Steam Engines	247.6*** [60.58]	241.4*** [60.68] 169.1*** [62.33]	240.0*** [60.55]	424.0*** [86.89]	387.6*** [76.07] 946.3*** [302.6]	375.6*** [73.32]	238.7*** [89.13]	243.9*** [87.59] -136.5 [230.0]	247.9*** [87.79]	160.6*** [49.33]	163.5*** [48.93] -69.56 [212.0]	165.8*** [49.34]	0.0757** [0.0322]	0.0749** [0.0325] 0.0229 [0.0598]	0.0753** [0.0326]
Population Density, 1821				139.7** [63.78]		883.4*** [258.9]		-167.2 [214.1]				-95.36 [196.2]			0.00822 [0.0576]
Average Rainfall	687.1*** [225.2]	665.1*** [226.1]	682.3*** [222.3]	705.1** [322.2]	637.0** [304.7]	675.1** [292.4]	716.1*** [237.0]	727.4*** [239.0]	721.8*** [237.8]	585.7*** [168.9]	582.4*** [171.3]	589.0*** [168.8]	0.142 [0.0972]	0.139 [0.0984]	0.142 [0.0974]
Average Temperature	-1.171*** [298.0]	-1.198*** [296.2]	-1.196*** [296.0]	-984.5** [392.1]	-1.158*** [341.4]	-1.143*** [331.5]	-1.849*** [347.5]	-1.825*** [344.8]	-1.819*** [342.2]	-1.407*** [259.8]	-1.392*** [261.1]	-1.390*** [257.6]	-0.490*** [0.139]	-0.494*** [0.142]	-0.492*** [0.141]
Latitude	788.9 [2,149]	571.2 [2,048]	509.9 [2,041]	1,447 [2,852]	-31.46 [2,696]	-316.3 [2,610]	775.6 [2,144]	982.2 [2,355]	1,109 [2,397]	-1,127 [1,574]	-978.9 [1,769]	-937.0 [1,814]	-0.276 [0.842]	-0.307 [0.845]	-0.293 [0.854]
Land Suitability	247.1 [158.0]	254.0 [157.9]	251.1 [156.5]	37.39 [205.0]	55.23 [160.8]	62.50 [157.4]	398.2** [198.6]	395.1** [194.4]	393.4** [192.2]	291.4** [135.8]	293.2** [133.9]	288.7** [131.7]	0.184** [0.0761]	0.185** [0.0775]	0.184** [0.0766]
Maritime Department	64.63 [98.54]	59.01 [99.79]	67.90 [97.04]	129.5 [132.0]	130.9 [123.3]	150.1 [119.1]	-121.7 [100.4]	-121.0 [103.4]	-125.6 [101.0]	-31.38 [71.84]	-36.51 [73.56]	-33.61 [72.20]	-0.0594 [0.0395]	-0.0600 [0.0408]	-0.0592 [0.0396]
Border Department	-42.35 [96.32]	-47.49 [96.84]	-42.61 [95.77]	-154.2 [120.3]	-168.9 [109.9]	-155.9 [108.9]	84.78 [110.1]	87.27 [109.2]	85.09 [108.8]	57.36 [73.50]	56.29 [73.35]	57.54 [72.93]	0.0447 [0.0407]	0.0440 [0.0410]	0.0446 [0.0407]
Distance to Paris	0.566 [0.588]	0.589 [0.575]	0.531 [0.562]	0.778 [0.801]	0.748 [0.755]	0.561 [0.730]	0.435 [0.638]	0.435 [0.678]	0.476 [0.687]	-0.219 [0.481]	-0.192 [0.509]	-0.195 [0.521]	6.51e-05 [0.000265]	6.76e-05 [0.000265]	6.31e-05 [0.000265]
Paris and Suburbs	378.2*** [111.7]	261.7** [107.6]	272.0** [110.0]	1,346 [840.1]	688.5* [371.9]	674.2** [343.2]	81.07 [244.7]	175.8 [282.9]	208.1 [283.2]	-40.57 [218.1]	8.474 [265.9]	31.91 [264.7]	0.172*** [0.0643]	0.156* [0.0833]	0.166** [0.0842]
Observations	85	84	85	85	84	85	85	84	85	85	84	85	85	84	85
First stage: the instrumented variable is Number of Steam Engines															
Distance to Fresnes	-0.0108*** [0.00278]	-0.0107*** [0.00278]	-0.0106*** [0.00276]	-0.0108*** [0.00278]	-0.0107*** [0.00278]	-0.0106*** [0.00276]	-0.0108*** [0.00278]	-0.0107*** [0.00278]	-0.0106*** [0.00276]	-0.0108*** [0.00278]	-0.0107*** [0.00278]	-0.0106*** [0.00276]	-0.0108*** [0.00278]	-0.0107*** [0.00278]	-0.0106*** [0.00276]
F-stat (1 <sup>st</sup> stage)	15.052	14.841	14.802	15.052	14.841	14.802	15.052	14.841	14.802	15.052	14.841	14.802	15.052	14.841	14.802

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table B.8:** Industrialization and human capital formation, accounting for fertility in 1806

	(1) IV	(2) IV	(3) IV	(4) IV	(5) IV	(6) IV	(7) IV	(8) IV	(9) IV	(10) IV
	Teachers				Pupils (per 10,000 inhabitants)				Share of Conscripts who could Read and Write, 1859-1868	
	1840		1863		1840		1863			
Number of Steam Engines	247.6*** [60.58]	229.6*** [58.20]	424.0*** [86.89]	415.0*** [90.54]	238.7*** [89.13]	215.6** [88.21]	160.6*** [49.33]	142.2*** [49.45]	0.0757** [0.0322]	0.0629** [0.0319]
Fertility, 1806		-714.6*** [274.4]		-355.4 [451.6]		-918.1*** [309.6]		-728.1*** [225.0]		-0.510*** [0.126]
Average Rainfall	687.1*** [225.2]	758.7*** [210.3]	705.1** [322.2]	740.7** [320.0]	716.1*** [237.0]	808.2*** [225.3]	585.7*** [168.9]	658.7*** [161.0]	0.142 [0.0972]	0.193** [0.0962]
Average Temperature	-1.171*** [298.0]	-999.7*** [299.1]	-984.5** [392.1]	-899.5** [396.2]	-1,849*** [347.5]	-1,630*** [337.7]	-1,407*** [259.8]	-1,233*** [252.1]	-0.490*** [0.139]	-0.368** [0.144]
Latitude	788.9 [2.149]	1.399 [1.975]	1.447 [2.852]	1.751 [2.897]	775.6 [2.144]	1.560 [1.987]	-1.127 [1.574]	-505.6 [1.455]	-0.276 [0.842]	0.159 [0.718]
Land Suitability	247.1 [158.0]	135.1 [164.1]	37.39 [205.0]	-18.29 [202.2]	398.2** [198.6]	254.4 [198.8]	291.4** [135.8]	177.3 [139.3]	0.184** [0.0761]	0.104 [0.0736]
Maritime Department	64.63 [98.54]	66.68 [92.71]	129.5 [132.0]	130.5 [131.4]	-121.7 [100.4]	-119.1 [96.70]	-31.38 [71.84]	-29.29 [70.87]	-0.0594 [0.0395]	-0.0579 [0.0366]
Border Department	-42.35 [96.32]	-53.28 [98.35]	-154.2 [120.3]	-159.7 [121.8]	84.78 [110.1]	70.74 [105.3]	57.36 [73.50]	46.23 [69.72]	0.0447 [0.0407]	0.0369 [0.0406]
Distance to Paris	0.566 [0.588]	0.620 [0.528]	0.778 [0.801]	0.806 [0.781]	0.435 [0.638]	0.505 [0.556]	-0.219 [0.481]	-0.163 [0.424]	6.51e-05 [0.000265]	0.000104 [0.000229]
Paris and Suburbs	378.2*** [111.7]	374.8*** [120.2]	1.346 [840.1]	1.344 [851.7]	81.07 [244.7]	76.63 [206.1]	-40.57 [218.1]	-44.09 [187.9]	0.172*** [0.0643]	0.170*** [0.0491]
Observations	85	85	85	85	85	85	85	85	85	85
First stage: the instrumented variable is Horse Power of Steam Engines										
Distance to Fresnes	-0.0108*** [0.00278]	-0.0106*** [0.00282]	-0.0108*** [0.00278]	-0.0106*** [0.00282]	-0.0108*** [0.00278]	-0.0106*** [0.00282]	-0.0108*** [0.00278]	-0.0106*** [0.00282]	-0.0108*** [0.00278]	-0.0106*** [0.00282]
F-stat (1 <sup>st</sup> stage)	15.052	14.197	15.052	14.197	15.052	14.197	15.052	14.197	15.052	14.197

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table B.9:** The effect of industrialization on wages, 1839-1847

	(1) OLS Average Male Wage, 1839-1847	(2) OLS Average Female Wage, 1839-1847	(3) OLS Average Child Wage, 1839-1847
Number of Steam Engines	0.0527*** [0.0118]	0.0478*** [0.0142]	0.0481** [0.0205]
Average Rainfall	-0.0655 [0.128]	0.208 [0.161]	0.0625 [0.187]
Average Temperature	-0.125 [0.117]	0.00947 [0.140]	0.0202 [0.159]
Latitude	-2.216** [0.860]	-0.110 [1.246]	-1.515 [1.307]
Land Suitability	0.0713 [0.0520]	0.0557 [0.0688]	0.0838 [0.0740]
Maritime Department	0.0169 [0.0483]	-0.00694 [0.0607]	0.00329 [0.0618]
Border Department	0.0516 [0.0519]	-0.00945 [0.0628]	-0.0430 [0.0701]
Distance to Paris	-0.000273 [0.000280]	-0.000109 [0.000395]	-0.000304 [0.000416]
Paris and Suburbs	0.346*** [0.0967]	0.373*** [0.0752]	0.299*** [0.0880]
Adjusted R2	0.355	0.213	0.182
Observations	85	85	85

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table B.10:** Industrialization and human capital formation, accounting for wages in 1839-1847

	(1) IV	(2) IV	(3) IV	(4) IV	(5) IV	(6) IV	(7) IV	(8) IV	(9) IV	(10) IV
	Teachers				Pupils (per 10,000 inhabitants)				Share of Conscripts who could Read and Write, 1859-1868	
	1840		1863		1840		1863			
Number of Steam Engines	247.6*** [60.58]	283.8*** [105.0]	424.0*** [86.89]	460.8*** [136.4]	238.7*** [89.13]	248.5* [146.2]	160.6*** [49.33]	163.5* [83.54]	0.0757** [0.0322]	0.0626 [0.0491]
Average Male Wage, 1839-1847		-733.4 [511.7]		-897.5 [917.5]		-921.0 [731.6]		-757.2 [464.0]		-0.287 [0.261]
Average Female Wage, 1839-1847		548.9* [288.9]		348.2 [509.3]		398.7 [334.0]		192.1 [259.4]		0.387*** [0.115]
Average Child Wage, 1839-1847		-138.4 [306.7]		133.1 [425.0]		300.1 [312.6]		387.8* [235.4]		0.00218 [0.113]
Average Rainfall	687.1*** [225.2]	538.7*** [243.9]	705.1** [322.2]	569.3 [349.7]	716.1*** [237.0]	552.6** [245.4]	585.7*** [168.9]	469.3*** [167.8]	0.142 [0.0972]	0.0398 [0.0874]
Average Temperature	-1,171*** [298.0]	-1,286*** [358.5]	-984.5* [392.1]	-1,119* [486.9]	-1,849*** [347.5]	-1,967*** [371.3]	-1,407*** [259.8]	-1,500*** [259.5]	-0.490*** [0.139]	-0.518*** [0.136]
Latitude	788.9 [2,149]	-1,154 [2,723]	1,447 [2,852]	-426.1 [3,666]	775.6 [2,144]	-715.6 [3,025]	-1,127 [1,574]	-2,107 [2,001]	-0.276 [0.842]	-0.772 [1.139]
Land Suitability	247.1 [158.0]	267.7* [159.2]	37.39 [205.0]	61.45 [213.4]	398.2** [198.6]	420.4** [190.9]	291.4** [135.8]	309.0** [129.5]	0.184** [0.0761]	0.190*** [0.0666]
Maritime Department	64.63 [98.54]	74.42 [105.7]	129.5 [132.0]	141.6 [133.1]	-121.7 [100.4]	-102.2 [99.66]	-31.38 [71.84]	-14.80 [69.91]	-0.0594 [0.0395]	-0.0479 [0.0370]
Border Department	-42.35 [96.32]	-10.42 [109.7]	-154.2 [120.3]	-102.7 [125.8]	84.78 [110.1]	150.5 [116.3]	57.36 [73.50]	117.7 [72.84]	0.0447 [0.0407]	0.0661* [0.0378]
Distance to Paris	0.566 [0.588]	0.389 [0.596]	0.778 [0.801]	0.617 [0.783]	0.435 [0.638]	0.316 [0.616]	-0.219 [0.481]	-0.290 [0.459]	6.51e-05 [0.000265]	2.62e-05 [0.000240]
Paris and Suburbs	378.2*** [111.7]	463.1*** [166.9]	1,346 [840.1]	1,482* [833.2]	81.07 [244.7]	163.0 [299.0]	-40.57 [218.1]	36.74 [244.0]	0.172*** [0.0643]	0.129 [0.0873]
Observations	85	85	85	85	85	85	85	85	85	85
First stage: the instrumented variable is Horse Power of Steam Engines										
Distance to Fresnes	-0.0108*** [0.00278]	-0.00796** [0.00313]	-0.0108*** [0.00278]	-0.00796** [0.00313]	-0.0108*** [0.00278]	-0.00796** [0.00313]	-0.0108*** [0.00278]	-0.00796** [0.00313]	-0.0108*** [0.00278]	-0.00796** [0.00313]
F-stat (1 <sup>st</sup> stage)	15.052	6.459	15.052	6.459	15.052	6.459	15.052	6.459	15.052	6.459

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.



**Table B.11:** Industrialization and human capital formation, accounting for the upper tail of the human capital distribution in the 18<sup>th</sup> century

	(1) IV	(2) IV	(3) IV	(4) IV	(5) IV	(6) IV	(7) IV	(8) IV	(9) IV	(10) IV
	Teachers				Pupils (per 10,000 inhabitants)				Share of Conscripts who could Read and Write, 1859-1868	
	1840		1863		1840		1863			
Number of Steam Engines	247.6*** [60.58]	246.6*** [66.12]	424.0*** [86.89]	383.3*** [93.72]	238.7*** [89.13]	261.1** [101.4]	160.6*** [49.33]	179.4*** [57.04]	0.0757** [0.0322]	0.0743** [0.0352]
Encyclopedie subscribers		0.0231 [0.175]		0.868* [0.524]		-0.477* [0.281]		-0.403** [0.187]		0.00003 [0.00009]
Average Rainfall	687.1*** [225.2]	687.1*** [225.0]	705.1** [322.2]	705.8** [316.3]	716.1*** [237.0]	715.7*** [248.0]	585.7*** [168.9]	585.4*** [179.5]	0.142 [0.0972]	0.142 [0.0966]
Average Temperature	-1.171*** [298.0]	-1.169*** [300.4]	-984.5** [392.1]	-925.2** [368.1]	-1.849*** [347.5]	-1.882*** [351.7]	-1.407*** [259.8]	-1.435*** [259.4]	-0.490*** [0.139]	-0.488*** [0.140]
Latitude	788.9 [2.149]	797.1 [2.153]	1.447 [2.852]	1.756 [2.733]	775.6 [2.144]	606.3 [2.212]	-1.127 [1.574]	-1.270 [1.609]	-0.276 [0.842]	-0.265 [0.845]
Land Suitability	247.1 [158.0]	246.3 [156.4]	37.39 [205.0]	7.986 [189.2]	398.2** [198.6]	414.4** [197.7]	291.4** [135.8]	305.0** [134.4]	0.184** [0.0761]	0.183** [0.0749]
Maritime Department	64.63 [98.54]	64.67 [98.53]	129.5 [132.0]	131.2 [127.9]	-121.7 [100.4]	-122.6 [101.3]	-31.38 [71.84]	-32.17 [72.21]	-0.0594 [0.0395]	-0.0593 [0.0393]
Border Department	-42.35 [96.32]	-42.05 [96.65]	-154.2 [120.3]	-143.0 [112.9]	84.78 [110.1]	78.60 [113.1]	57.36 [73.50]	52.15 [76.30]	0.0447 [0.0407]	0.0451 [0.0404]
Distance to Paris	0.566 [0.588]	0.562 [0.593]	0.778 [0.801]	0.659 [0.787]	0.435 [0.638]	0.500 [0.663]	-0.219 [0.481]	-0.164 [0.493]	0.00006 [0.0003]	0.00006 [0.0003]
Paris and Suburbs	378.2*** [111.7]	375.4*** [110.8]	1.346 [840.1]	1.239* [722.5]	81.07 [244.7]	139.8 [214.9]	-40.57 [218.1]	8.996 [193.2]	0.172*** [0.0643]	0.168*** [0.0640]
Observations	85	85	85	85	85	85	85	85	85	85

First stage: the instrumented variable is Horse Power of Steam Engines										
Distance to Fresnes	-0.0108*** [0.00278]	-0.00995*** [0.00270]	-0.0108*** [0.00278]	-0.00995*** [0.00270]	-0.0108*** [0.00278]	-0.00995*** [0.00270]	-0.0108*** [0.00278]	-0.00995*** [0.00270]	-0.0108*** [0.00278]	-0.00995*** [0.00270]
F-stat (1 <sup>st</sup> stage)	15.052	13.548	15.052	13.548	15.052	13.548	15.052	13.548	15.052	13.548

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table B.12:** The effect of industrialization on the number of school buildings in 1850

	(1) OLS	(2) OLS	(3) OLS	(4) OLS	(5) OLS	(6) OLS	(7) OLS	(8) IV	(9) IV	(10) IV	(11) IV	(12) IV
	Schools per commune, 1850											
Number of Steam Engines	0.196 [0.138]	0.310*** [0.116]	0.289*** [0.0967]	0.200*** [0.0631]	0.260*** [0.0925]	0.176** [0.0762]	0.192** [0.0751]	0.350** [0.140]	0.308** [0.140]	0.360** [0.155]	0.190 [0.215]	0.317* [0.167]
Average Rainfall		-1.196 [1.147]	-0.570 [0.637]	-0.818 [0.739]	-0.308 [0.812]	0.250 [0.841]	-0.739 [0.739]	-0.552 [0.587]	-0.735 [0.661]	-0.301 [0.738]	0.235 [0.902]	-0.821 [0.688]
Average Temperature		-0.678 [0.665]	-1.606** [0.797]	-1.789*** [0.675]	-1.670** [0.824]	-1.337 [0.883]	-1.786** [0.678]	-1.684** [0.778]	-1.969*** [0.672]	-1.789** [0.787]	-1.359 [0.906]	-2.009*** [0.684]
Latitude		-7.088** [2.985]	2.356 [3.373]	3.981 [3.504]	3.344 [3.574]	2.858 [3.654]	3.933 [3.579]	1.758 [3.027]	3.197 [3.180]	2.297 [3.319]	2.727 [3.310]	2.662 [3.550]
Land Suitability		-0.512 [0.502]	-0.129 [0.380]	0.0596 [0.303]	-0.160 [0.388]	-0.187 [0.389]	0.0662 [0.304]	-0.175 [0.382]	-0.0140 [0.329]	-0.231 [0.409]	-0.195 [0.367]	0.00811 [0.318]
Maritime Department			-0.0133 [0.142]	-0.0109 [0.164]	-0.0446 [0.168]	-0.131 [0.191]	-0.0183 [0.162]	-0.0378 [0.143]	-0.0477 [0.158]	-0.0815 [0.165]	-0.133 [0.175]	-0.0134 [0.148]
Border Department			-0.523** [0.220]	-0.657*** [0.227]	-0.604** [0.243]	-0.454* [0.260]	-0.633*** [0.228]	-0.542** [0.219]	-0.654*** [0.214]	-0.626*** [0.236]	-0.459* [0.257]	-0.633*** [0.214]
Distance to Paris			0.00367*** [0.0012]	0.00433*** [0.0012]	0.00367*** [0.0014]	0.00345*** [0.0013]	0.00429*** [0.0011]	0.00369*** [0.0012]	0.00435*** [0.0011]	0.00370*** [0.0013]	0.00346*** [0.0012]	0.00425*** [0.0010]
Paris and Suburbs			3.858 [3.047]	0.293 [0.202]	3.808 [2.900]	3.762 [2.900]	0.309 [0.225]	3.839 [2.853]	0.325 [0.248]	3.781 [2.691]	3.760 [2.623]	0.288 [0.249]
Grooms who Signed their Marriage License, 1786-1790				0.362 [0.416]			0.323 [0.406]		0.262 [0.399]			0.222 [0.394]
University					0.556 [0.485]		-0.0625 [0.234]			0.509 [0.462]		-0.125 [0.241]
Urban Population in 1700						0.207 [0.139]	0.0249 [0.0471]				0.203 [0.169]	-0.0103 [0.0586]
Adjusted R2	0.026	0.036	0.234	0.317	0.250	0.273	0.299					
Observations	85	85	85	79	85	85	79	85	79	85	85	79
First stage: the instrumented variable is Number of Steam Engines												
Distance to Fresnes								-0.0108*** [0.00278]	-0.00985*** [0.00301]	-0.0109*** [0.00257]	-0.00861*** [0.00260]	-0.00814*** [0.00255]
F-stat (1 <sup>st</sup> stage)								15.052	10.695	17.925	10.970	10.170

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table B.13:** The effect of industrialization on the number of school buildings in 1863

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	OLS	OLS	OLS	OLS	OLS	OLS	OLS	IV	IV	IV	IV	IV
	Schools per commune, 1863											
Number of Steam Engines	0.318 [0.275]	0.399*	0.359**	0.181***	0.295*	0.107	0.145**	0.403**	0.347**	0.428*	0.0208	0.334*
Average Rainfall		-2.680	-0.768	-1.040	-0.185	1.048	-0.772	-0.754	-0.912	-0.176	1.134	-0.904
Average Temperature		[2.271]	[0.734]	[0.839]	[1.117]	[1.437]	[0.813]	[0.686]	[0.743]	[1.018]	[1.570]	[0.765]
Latitude		-0.110	-0.872	-1.677**	-1.013	-0.276	-1.612**	-0.929	-1.954***	-1.171	-0.150	-1.967***
		[1.014]	[1.220]	[0.736]	[1.233]	[1.460]	[0.717]	[1.188]	[0.739]	[1.170]	[1.560]	[0.736]
Land Suitability		-5.739	-0.310	2.870	1.883	0.804	3.420	-0.751	1.662	0.490	1.572	1.214
		[3.883]	[4.639]	[3.652]	[4.925]	[5.583]	[3.502]	[3.896]	[3.372]	[4.765]	[4.892]	[3.631]
Maritime Department		-1.146	-0.659	-0.0873	-0.728	-0.787	-0.0923	-0.692	-0.201	-0.821	-0.741	-0.166
		[0.948]	[0.656]	[0.327]	[0.676]	[0.665]	[0.312]	[0.614]	[0.374]	[0.685]	[0.574]	[0.357]
Border Department			-0.0222	0.0412	-0.0917	-0.282	-0.0118	-0.0403	-0.0155	-0.141	-0.268	0.00977
			[0.161]	[0.167]	[0.252]	[0.322]	[0.162]	[0.156]	[0.159]	[0.247]	[0.286]	[0.150]
Distance to Paris			-0.444*	-0.663**	-0.623**	-0.290	-0.632**	-0.458*	-0.657***	-0.653**	-0.260	-0.611***
			[0.266]	[0.252]	[0.310]	[0.387]	[0.252]	[0.270]	[0.238]	[0.301]	[0.402]	[0.234]
Paris and Suburbs			0.00287*	0.00403***	0.00288	0.00239	0.00406***	0.00288*	0.00407***	0.00292	0.00234	0.00393***
			[0.0016]	[0.0013]	[0.0020]	[0.0019]	[0.0012]	[0.0015]	[0.0012]	[0.0018]	[0.0019]	[0.0011]
Grooms who Signed their Marriage License, 1786-1790			7.723	0.288*	7.612	7.509	0.364*	7.709	0.338	7.575	7.520	0.320
			[6.437]	[0.167]	[6.110]	[5.891]	[0.206]	[6.049]	[0.241]	[5.680]	[5.505]	[0.257]
University				0.277			0.241		0.124			0.0532
				[0.446]			[0.447]		[0.430]			[0.412]
Urban Population in 1700					1.233					1.171		-0.184
					[0.954]					[0.901]		[0.251]
Adjusted R2	0.016	0.001	0.237	0.301	0.263	0.294	0.305					
Observations	85	85	85	79	85	85	79	85	79	85	85	79
First stage: the instrumented variable is Number of Steam Engines												
Distance to Fresnes								-0.0108***	-0.00985***	-0.0109***	-0.00861***	-0.00814***
								[0.00278]	[0.00301]	[0.00257]	[0.00260]	[0.00255]
F-stat (1 <sup>st</sup> stage)								15.052	10.695	17.925	10.970	10.170

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

## Appendix C. Literacy of Conscripts, 1847-1856

**Table C.1:** The effect of industrialization on the share of literate conscripts, 1847-1856

	(1) OLS	(2) OLS	(3) OLS	(4) OLS	(5) OLS	(6) OLS	(7) OLS	(8) IV	(9) IV	(10) IV	(11) IV	(12) IV
	Share of Conscripts who could Read and Write, 1847-1856											
Number of Steam Engines	0.0375*** [0.0126]	0.0280** [0.0135]	0.0242* [0.0128]	0.00926 [0.00866]	0.0255** [0.0124]	0.0201 [0.0141]	0.00873 [0.0104]	0.0909** [0.0401]	0.0546* [0.0294]	0.0897** [0.0374]	0.106** [0.0516]	0.0666* [0.0350]
Average Rainfall		0.178* [0.101]	0.197* [0.108]	-0.00664 [0.110]	0.186* [0.110]	0.227* [0.118]	-0.00386 [0.112]	0.217* [0.111]	0.0282 [0.113]	0.190* [0.111]	0.142 [0.132]	-0.0415 [0.114]
Average Temperature		-0.633*** [0.158]	-0.495*** [0.170]	-0.131 [0.169]	-0.493*** [0.170]	-0.486*** [0.175]	-0.129 [0.176]	-0.580*** [0.162]	-0.207 [0.156]	-0.569*** [0.157]	-0.612*** [0.161]	-0.233 [0.159]
Latitude		0.410 [0.402]	0.757 [1.030]	-0.195 [0.876]	0.713 [1.060]	0.775 [1.005]	-0.175 [0.863]	0.0983 [0.986]	-0.526 [0.831]	0.0407 [1.044]	0.00546 [1.096]	-0.766 [0.899]
Land Suitability		0.284*** [0.0756]	0.262*** [0.0754]	0.114 [0.0800]	0.263*** [0.0753]	0.260*** [0.0774]	0.113 [0.0828]	0.212** [0.0841]	0.0830 [0.0781]	0.218*** [0.0811]	0.214*** [0.0826]	0.0865 [0.0738]
Maritime Department			-0.0182 [0.0389]	-0.0458 [0.0372]	-0.0168 [0.0393]	-0.0224 [0.0385]	-0.0469 [0.0414]	-0.0452 [0.0460]	-0.0614 [0.0418]	-0.0405 [0.0466]	-0.0361 [0.0468]	-0.0447 [0.0418]
Border Department			0.0903** [0.0379]	-0.00414 [0.0326]	0.0938** [0.0375]	0.0928** [0.0373]	-0.00483 [0.0349]	0.0702 [0.0449]	-0.00252 [0.0353]	0.0792* [0.0436]	0.0623 [0.0485]	-0.00485 [0.0398]
Distance to Paris			9.00e-05 [0.0003]	5.04e-05 [0.0002]	8.98e-05 [0.0003]	8.22e-05 [0.0003]	5.37e-05 [0.0002]	0.000114 [0.0003]	5.91e-05 [0.0002]	0.0001 [0.0003]	0.000135 [0.0003]	3.53e-05 [0.0002]
Paris and Suburbs			0.241*** [0.0588]	0.0868** [0.0421]	0.243*** [0.0623]	0.237*** [0.0571]	0.0881** [0.0404]	0.219*** [0.0732]	0.100* [0.0598]	0.225*** [0.0737]	0.226*** [0.0734]	0.0783 [0.0543]
Grooms who Signed their Marriage License, 1786-1790				0.520*** [0.106]			0.522*** [0.112]		0.478*** [0.111]			0.475*** [0.110]
University					-0.0242 [0.0367]		0.00424 [0.0328]			-0.0542 [0.0411]		-0.0248 [0.0344]
Urban Population in 1700						0.00746 [0.00993]	0.000364 [0.00952]				-0.0194 [0.0183]	-0.0160 [0.0127]
Adjusted R2	0.068	0.384	0.451	0.653	0.446	0.447	0.643					
Observations	85	85	85	79	85	85	79	85	79	85	85	79
First stage: the instrumented variable is Number of Steam Engines												
Distance to Fresnes								-0.0108*** [0.00278]	-0.00985*** [0.00301]	-0.0109*** [0.00257]	-0.00861*** [0.00260]	-0.00814*** [0.00255]
F-stat (1 <sup>st</sup> stage)								15.052	10.695	17.925	10.970	10.170

Note: The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. Robust standard errors are reported in brackets. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

## Appendix D. Spatial Correlation

**Table D.1:** The effect of industrialization on the number of teachers in 1840, accounting for spatial autocorrelation

	(1) OLS	(2) OLS	(3) IV
	Teachers, 1840		
Number of Steam Engines	255.23 [3.65]***	119.05 [2.95]***	274.98 [11.75]***
Average Rainfall		621.81 [57.00]***	683.93 [60.84]***
Average Temperature		-1126.26 [70.39]***	-1255.02 [59.88]***
Latitude		-273.07 [127.54]**	-442.96 [121.65]***
Land Suitability		362.55 [21.31]***	234.61 [22.79]***
Maritime Department		177.30 [11.20]***	78.54 [17.63]***
Border Department		27.91 [24.85]	-37.59 [19.33]*
Distance to Paris		-0.05 [0.07]	0.34 [0.11]***
Paris and Suburbs		354.27 [20.21]***	341.96 [14.62]***
Observations	85	85	85

Note: The table reports spatial Conley (1999) standard errors with a radius of 100km. The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table D.2:** The effect of industrialization on the number of teachers in 1863, accounting for spatial autocorrelation

	(1) OLS	(2) OLS	(3) IV
	Teachers, 1863		
Number of Steam Engines	443.63843 [4.78]***	255.41 [9.97]***	469.00 [25.62]***
Average Rainfall		614.78 [71.11]***	699.88 [86.51]***
Average Temperature		-947.11 [78.48]***	-1123.50 [100.58]***
Latitude		-348.78 [148.22]**	-581.49 [175.58]***
Land Suitability		192.10 [32.81]***	16.83 [40.08]
Maritime Department		287.66 [126.88]***	152.38 [26.89]***
Border Department		-56.67 [24.29]**	-146.39 [24.57]***
Distance to Paris		-0.12 [0.11]	0.41 [0.20]**
Paris and Suburbs		1302.87 [60.43]***	1286.02 [53.66]***
Observations	85	85	85

Note: The table reports spatial Conley (1999) standard errors with a radius of 100km. The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table D.3:** The effect of industrialization on the share of pupils in the population in 1840, accounting for spatial autocorrelation

	(1)	(2)	(3)
	OLS	OLS	IV
	Pupils (per 10,000 inhabitants), 1840		
Number of Steam Engines	282.26 [8.79]***	52.72 [7.50]***	256.51 [18.90]***
Average Rainfall		632.90 [47.87]***	714.09 [44.83]***
Average Temperature		-1735.81 [109.20]***	-1904.11 [81.49]***
Latitude		196.09 [125.79]	-25.95 [97.52]
Land Suitability		557.30 [69.04]***	390.08 [69.45]***
Maritime Department		16.44 [28.31]	-112.65 [35.73]***
Border Department		173.48 [22.26]***	87.88 [23.97]***
Distance to Paris		-0.22 [0.06]***	0.29 [0.09]***
Paris and Suburbs		73.57 [20.75]***	57.49 [28.48]**
Observations	85	85	85

Note: The table reports spatial Conley (1999) standard errors with a radius of 100km. The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table D.4:** The effect of industrialization on the share of pupils in the population in 1863, accounting for spatial autocorrelation

	(1)	(2)	(3)
	OLS	OLS	IV
	Pupils (per 10,000 inhabitants), 1863		
Number of Steam Engines	373.50 [5.40]***	38.54 [4.60]***	135.08 [11.55]***
Average Rainfall		550.20 [33.56]***	588.66 [32.31]***
Average Temperature		-1249.10 [65.03]***	-1328.82 [49.61]***
Latitude		126.00 [75.24]*	20.83 [61.42]
Land Suitability		382.23 [40.00]***	303.02 [40.80]***
Maritime Department		16.80 [20.64]	-44.34 [24.71]*
Border Department		93.48 [12.09]***	52.93 [13.54]***
Distance to Paris		-0.25 [0.03]***	-0.01 [0.06]
Paris and Suburbs		0.83 [15.02]	-6.79 [19.77]
Observations	85	85	85

Note: The table reports spatial Conley (1999) standard errors with a radius of 100km. The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table D.5:** The effect of industrialization on the share of apprentices in the population in 1863, accounting for spatial autocorrelation

	(1) OLS	(2) OLS	(3) IV
	Apprentices (per 10,000 inhabitants), 1863		
Number of Steam Engines	1.31 [0.13]***	1.75 [0.20]***	5.20 [0.63]***
Average Rainfall		-0.16 [0.53]	1.22 [0.67]*
Average Temperature		1.81 [0.54]***	-1.04 [1.21]
Latitude		-1.13 [0.93]	-4.89 [1.49]***
Land Suitability		-1.52 [0.58]***	-4.35 [0.85]***
Maritime Department		2.39 [0.52]***	0.21 [0.65]
Border Department		6.27 [0.75]***	4.82 [0.54]***
Distance to Paris		-0.01 [0.001]***	0.0002 [0.003]
Paris and Suburbs		1.83 [0.31]***	1.56 [0.39]***
Observations	85	85	85

Note: The table reports spatial Conley (1999) standard errors with a radius of 100km. The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

**Table D.6:** The effect of industrialization on the share of literate conscripts in 1859-1868, accounting for spatial autocorrelation

	(1) OLS	(2) OLS	(3) IV
	Share of Conscripts who could Read and Write, 1859-1868		
Number of Steam Engines	0.23 [0.03]***	0.02 [0.004]***	0.07 [0.01]***
Average Rainfall		0.12 [0.02]***	0.14 [0.02]***
Average Temperature		-0.42 [0.04]***	-0.46 [0.03]***
Latitude		0.23 [0.05]***	0.18 [0.04]***
Land Suitability		0.23 [0.02]***	0.19 [0.02]***
Maritime Department		-0.03 [0.01]**	-0.06 [0.01]***
Border Department		0.06 [0.01]***	0.04 [0.01]***
Distance to Paris		0.00003 [0.00002]	0.0001 [0.00002]***
Paris and Suburbs		0.19 [0.01]***	0.19 [0.01]***
Observations	85	85	85

Note: The table reports spatial Conley (1999) standard errors with a radius of 100km. The explanatory variables except the dummies are in logarithm. The aerial distances are measured in kilometers. \*\*\* indicates significance at the 1%-level, \*\* indicates significance at the 5%-level, \* indicates significance at the 10%-level.

## Appendix E. Variable Definitions and Sources

### Dependent variables

#### Teachers.

*Teachers, 1840 and 1863.* Number of teachers in primary schools. Source: Béaur, Gérard, and Béatrice Marin. 2011. La Statistique Générale de la France Présentation. L'Atelier du Centre de recherches historiques. <http://acrh.revues.org/index2891.html>.

#### Pupils.

*Pupils, 1840 and 1863.* Number of pupils enrolled in primary schools, per 10,000 inhabitants in the department. Source: Béaur, Gérard, and Béatrice Marin. 2011. La Statistique Générale de la France Présentation. L'Atelier du Centre de recherches historiques. <http://acrh.revues.org/index2891.html>.

#### Apprentices.

*Apprentices, 1863.* Number of apprentices enrolled in apprentice schools, per 10,000 inhabitants in the department. Source: de l'Instruction Publique (1865).

#### Literate conscripts

*Share of literate individuals among conscripts, 1847-1856 and 1859-1868.* The average share of French army conscripts, i.e., 20-year-old men who reported for military service in the department where their father lived, who could read and write, computed over the 1847-1856 and 1859-1868 periods. Source: France. Ministère de la guerre (1791-1936) - Compte rendu sur le recrutement de l'armée.

#### School buildings.

*Buildings, 1850 and 1863.* Number of buildings per *commune* in each department. Source: Béaur, Gérard, and Béatrice Marin. 2011. La Statistique Générale de la France Présentation. L'Atelier du Centre de recherches historiques. <http://acrh.revues.org/index2891.html>.

### Explanatory variables

*Horse power of steam engines.* This variable reports the number of steam *Engines* in the firms of each department, which is computed from the industrial survey carried out by the French government between 1839 and 1847. See Chanut et al. (2000) for details on the implementation of this survey.

*Maritime department.* This dummy variable takes the value one if a French department borders the coastline and zero otherwise.



*Border department.* This dummy variable takes the value one if a French department borders one of the foreign countries around France (Belgium, Luxembourg, Germany, Switzerland, Italy and Spain) and zero otherwise.

*Distance to Paris.* The great circle distance as “the crow flies” from Paris, the capital of France, to the administrative center of each department. This aerial distance is computed in kilometers.

*Paris and suburbs.* This dummy variable takes the value one for the three departments, i.e., Seine, Seine-et-Marne and Seine-et-Oise, which encompass *Paris and its suburbs* and zero otherwise.

*Alsace-Lorraine.* This dummy variable takes the value one for the Bas-Rhin, Haut-Rhin and Moselle departments and zero otherwise in all the regressions on post-WWI outcomes since these three departments were under German rule between 1871 and 1918.

*Average rainfall.* The average rainfall in cm<sup>3</sup>, reported at a half-degree resolution by Ramankutty et al. (2002), across the French departments.

*Average temperature.* The average temperature (in celsius), reported at a half-degree resolution by Ramankutty et al. (2002), across the French departments.

*Latitude.* The latitude of the centroid of each French department.

*Land Suitability* The land suitability index, reported at a half-degree resolution by Ramankutty et al. (2002), across the French departments.

*Share of Grooms who Signed their Wedding Licenses, 1786-1790.* The share of grooms who signed their wedding licenses with their names over the 1786-1790 period (as opposed to those who marked it with a cross). Source: Béaur, Gérard, and Béatrice Marin. 2011. La Statistique Générale de la France Présentation. L’Atelier du Centre de recherches historiques. <http://acrh.revues.org/index2891.html>.

*University.* Number of universities in 1700 in each department. Source: Bosker et al. (2013).

*Urban population in 1700* (thousand of inhabitants). This variable reports the total population of the major urban centers, i.e., with more than 10,000 inhabitants, in each French department in 1700 using the data in Lepetit (1994, Appendix B).

## **Instrumental variable**

*Distance to Fresnes sur Escaut.* The great circle distance as “the crow flies” from Fresnes-sur-Escaut, where the first steam engine was operated in France in 1732, to the administrative center of each department. This aerial distance is computed in kilometers.

## **Variables for robustness analysis**

### **Access to Waterways**

*Rivers and Tributaries.* The dummy variable takes the value 1 if at least one of the main French rivers or tributaries (whose total length is above 300 km) crosses a given department. These are the Rhin, Loire, Meuse, Rhône, Seine, Garonne, Dordogne, Charente and Escaut.

## Economic development before 1815

*Market integration during the French Revolution.* The number of external suppliers for each department in the 1790s for the following categories of products: cotton, hosiery, hardware, misc. production goods, misc. consumption goods, linen and hemp, wool and wool cloth, leather products hides and hats, iron, Food items, drinks, paper, wood for industry, fuel (wood and coal). Source: Daudin (2010).

*Iron forges, 1789 and 1811.* The number of iron forges in each department in 1789 and 1811. Source: Woronoff (1997).

*Presence of iron forges, 1789 and 1811.* The dummy variable takes the value 1 if there was at least one iron forge in a department in 1789. Source: Woronoff (1997).

## Human capital before 1820

*Share of Grooms who Signed their Wedding Licenses, 1686-1690 and 1816-1820.* The share of grooms who signed their wedding licenses with their names over the 1686-1690 and 1816-1820 periods (as opposed to those who marked it with a cross). Source: Béaur, Gérard, and Béatrice Marin. 2011. La Statistique Générale de la France Présentation. L'Atelier du Centre de recherches historiques. <http://acrh.revues.org/index2891.html>.

*Encyclopédie subscribers.* The number of subscribers to the Quarto edition of the Encyclopédie in the second half of the 18th century in the French towns aggregated at the department level. Source: Darnton (1973) and Squicciarini and Voigtländer (2015).

## Population density

*Population density, 1801, 1831 and 1861.* Source: Béaur, Gérard, and Béatrice Marin. 2011. La Statistique Générale de la France Présentation. L'Atelier du Centre de recherches historiques. <http://acrh.revues.org/index2891.html>.

## Past level of fertility

*Fertility, 1806.* Fertility in each department, computed following the methodology of the Coale fertility index. 1806 is the earliest year available. Source: Bonneuil (1997)

## Distance to French cities

*Distance to Marseille.* The great circle distance as “the crow flies” from Marseille to the administrative center of each department. This aerial distance is computed in kilometers.

*Distance to Lyon.* The great circle distance as “the crow flies” from Lyon to the administrative center of each department. This aerial distance is computed in kilometers.

*Distance to Rouen.* The great circle distance as “the crow flies” from Rouen to the administrative center of each department. This aerial distance is computed in kilometers.

*Distance to Mulhouse.* The great circle distance as “the crow flies” from Mulhouse to the administrative center of each department. This aerial distance is computed in kilometers.

*Distance to Bordeaux.* The great circle distance as “the crow flies” from Bordeaux to the administrative center of each department. This aerial distance is computed in kilometers.

*Distance from Paris (weeks of travel).* The time needed for a surface travel from Paris to the administrative center of each department measured in weeks of travel. Source: Özak (2013)

*Distance from Marseille (weeks of travel).* The time needed for a surface travel from Marseille to the administrative center of each department measured in weeks of travel. Source: Özak (2013)

*Distance from Lyon (weeks of travel).* The time needed for a surface travel from Lyon from Lyon to the administrative center of each department measured in weeks of travel. Source: Özak (2013)

*Distance from Rouen (weeks of travel).* The time needed for a surface travel from Rouen to the administrative center of each department measured in weeks of travel. Source: Özak (2013)

*Distance from Mulhouse (weeks of travel).* The time needed for a surface travel from Mulhouse to the administrative center of each department measured in weeks of travel. Source: Özak (2013)

*Distance from Bordeaux (weeks of travel).* The time needed for a surface travel from Bordeaux to the administrative center of each department measured in weeks of travel. Source: Özak (2013)