

The Human Capital of Eastern Europe in Global Perspective

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Eastern Europe was once a world region with a high standard of living, at least for laborers. Van Zanden (1999) found that wages expressed as purchasing power of grain were quite high in 16th century Poland, compared with many Western European locations. However, during the 19th century real wages as well as human capital (which typically correlated with income) were clearly lower in Eastern Europe. What had happened? And what were the determinants of this economic change? We will study the development of numeracy in this world region, and compare it with other world regions in Asia the Americas and Europe. Numeracy is a clearly core component of human capital, especially in agricultural societies in which decisions about the timing of activities had to take a number of issues into account, such as weather, status of plants and animals and similar variables.

Prominent explanations of the literature for the adverse development of Eastern Europe were:

- a) The cultural preference for large families, which might have resulted in less educational investment per child (which is at the heart of Hajnal hypothesis)
- b) Related to this, a lack of “girl power” (de Moor and van Zanden (2010), Foreman-Peck (2011)) due to early marriage and less customary rights for women . Educational gender inequalities might lead to less education on average, as women were mainly responsible for basic education in the household.
- c) The second –selfdom hypothesis: when population grew in Eastern Europe, previously free farmers were forced into serfdom. Serfs have less incentive and ability to invest in education
- d) Large-farm agriculture is often associated with a political economy in which large landowners prevented tax-financed public schooling , as they saw no need for agricultural day-laborers to learn (and perhaps demand political rights), financed by the taxes of the rich
- e) Political governance which not have favored schooling
- f) Wars and civil wars might have had long-run consequences of risk aversion against investments of any sort
- d) Lower life expectations might have the same effect
- h) Low population density and lack of transport system makes commuting to schools more costly and returns to schooling lower
- i) Religion: lack of Protestantism?

Some of the potential determinants will be assessed by interregional within comparison, others by using East-West comparisons.