

EHES Working Paper | No. 229 | October 2022

Market access, the skill premium and human capital
in Spain (1860-1930)

Rafael González-Val,
Universidad de Zaragoza and Institut d'Economia
de Barcelona (IEB)

Pau Insa-Sánchez,
Universitat de València

Julio Martinez-Galarraga,
Universitat de Barcelona

Daniel A. Tirado-Fabregat,
Universitat de València

EHES Working Paper | No. 229 | October 2022

Market access, the skill premium and human capital in Spain (1860-1930)*

Rafael González-Val¹,
Universidad de Zaragoza and Institut d'Economia de Barcelona (IEB)

Pau Insa-Sánchez,
Universitat de València

Julio Martinez-Galarraga²,
Universitat de Barcelona

Daniel A. Tirado-Fabregat,
Universitat de València

Abstract

This paper explores the relationship between market access and education levels in the context of an industrializing economy, in this case Spain between the late nineteenth and early twentieth centuries. Specifically, we examine whether differences in regional accumulations of human capital could be related to market access, which would explain the divergent trajectories of regional economic growth in Spain. To do this, we empirically test the relationship between education variables and market potential for Spanish provinces between 1860 and 1930. We then focus on the mechanism that may be mediating this relationship, i.e. the skill premium. The results suggest that there were sizeable provincial differences in the return on investment in education, the explanation for which would be that those provinces with the highest market potential specialized more in skill-intensive sectors in which higher wages were paid.

JEL Codes: I25, N90, O15, R12

Keywords: Economic history, market access, human capital

¹Corresponding Author: Rafael González-Val (rafaelg@unizar.es)

²Corresponding Author: Julio Martinez-Galarraga (julio.martinez@ub.edu)

* The authors would like to thank the Bank of Spain and the FBBVA for their financial support through the “Programa de Ayudas a la Investigación en Macroeconomía, Economía Monetaria, Financiera y Bancaria, e Historia Económica” and the “Programa de Ayudas a equipos de investigación científica en Humanidades Digitales” respectively. Financial support from the Spanish Ministry of Science and Innovation, projects ECO2015-65049-C12-1-P, ECO2017-90848-REDT, PGC2018-095821-B-I00, PID2020-114354RA-I00 (MCIU/AEI/FEDER,UE), FPU18/01210; the Gobierno de Aragón (ADETRE research group); and the Generalitat Valenciana (AICO/2018/1930 and PROMETEO/2020/083) is also gratefully acknowledged.

Notice

The material presented in the EHES Working Paper Series is property of the author(s) and should be quoted as such. The views expressed in this Paper are those of the author(s) and do not necessarily represent the views of the EHES or its members

EHES Working Paper Series

Recent EHES Working Papers

2022

- EHES 228 Union, border effects, and market integration in Britain
Daniel Cassidy, Nick Hanley
- EHES 227 Welfare Reform and Repression in an Autocracy: Bismarck and the Socialists
Felix Kersting
- EHES 226 Harmonious Relations: Quality transmission among composers in the very long run
Karol Jan Borowiecki, Nicholas Ford, Maria Marchenko
- EHES 225 Urban Political Structure and Inequality: Political Economy Lessons from Early Modern German Cities
Felix Schaff
- EHES 224 Health, Income, and the Preston Curve: A Long View
Leandro Prados de la Escosura
- EHES 223 Boomtowns: Local Shocks and Inequality in 1920s California
Sarah Quincy, Rowena Gray
- EHES 222 Poverty in early modern Europe: New approaches to old problems
Guido Alfani, Francesco Ammannati, Wouter Ryckbosch

2021

- EHES 221 Human Capital and Industrialization: German Settlers in Late Imperial Russia
Viktor Malein
- EHES 220 Resilience, Adaptability and Transformability: Danish Butter Factories in the Face of Coal Shortages
Sofia Teives Henriques, Paul Sharp, Xanthi Tsoukli, Christian Vedel

All papers may be downloaded free of charge from: <http://www.ehes.org/>

The European Historical Economics Society is concerned with advancing education in European economic history through study of European economies and economic history. The society is registered with the Charity Commissioners of England and Wales number: **1052680**