



Halle Institute for Economic Research
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IWH Research Seminar in Economics

June 24, 2019, 14:15–15:45, conference room, ground floor



Access to Finance and Technological Innovation: Evidence from Antebellum America

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(together with Yifei Mao, Cornell University)

This paper provides new evidence on how access to finance impacts technological innovation and establishes the role of labour scarcity in shaping the finance-growth nexus. We exploit antebellum America, a unique setting with staggered passage of free banking laws across states and well-documented differences in labour scarcity between free and slave states. We find that access to finance spurred innovation as measured by patenting activities, especially in free states where labour was scarce. In slave states, however, access to finance reduced the hiring costs of slave labour and discouraged innovation that substituted for slave labour.

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