

Colonization, Early Settlers and Development: The Case of Latin America

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Abstract:

In this paper, we document the long-run impact of the geographical heterogeneity in skills among the first settlers to Latin America. To this end, we compile administrative data on the early settlers in the Americas between 1492 and 1540 including, among others, name, city of origin, destination, and occupation. From a methodological perspective, a focus on the initial period of colonization in Latin America offers several advantages. First, differences in the geographical distribution of occupations among the first settlers are likely to be accidental. Second, a set-up that analyzes an area with a single colonizer (Spain) allows to hold constant formal institutions and legal origin. Our results show a relevant effect of the skills of first colonizers on long-run levels of development of the areas located around the original settlements. We find evidence of persistence in the form of market orientation and entrepreneurial spirit.