

Dancing with the Stars: Interactions and Human Capital Accumulation*

Ufuk Akcigit

Ernest Miguelez

Santiago Caicedo Soler

Stefanie Stantcheva

Valerio Sterzi

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Abstract

Does interacting with others contribute to human capital accumulation? We try to answer this question by using a novel panel dataset on European inventors matched to their employers. Our panel data comes from the European Patent Offices since the 1980s and contains information on inventors, their employers, and their patents. More interactions are very strongly correlated with higher subsequent productivities of inventors, as measured by their number and quality of patents. Using variation in labor market regulations and flexibility across sectors, countries and time as instruments, we document a causal link between interactions and productivity or human capital accumulation of inventors.

*Ufuk Akcigit, University of Chicago and NBER, uakcigit@uchicago.edu; Ernest Miguelez, CNRS and GREThA-Université de Bordeaux, ernest.miguelez@u-bordeaux.fr; Santiago Caicedo Soler, University of Chicago, scaicedosoler@uchicago.edu; Stefanie Stantcheva, Harvard Society of Fellows and NBER, ssstantcheva@fas.harvard.edu; Valerio Sterzi, CNRS and GREThA-Université de Bordeaux, valerio.sterzi@u-bordeaux.fr.