Title: “The Transition from Water to Steam Power”

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Abstract:
We study the transition from water to steam power in American manufacturing. To do so, we digitize the complete Censuses of Manufactures for 1850-1880, and use establishment names and locations to link lumber and grist mills over time. We find that entrants, particularly in counties with poor access to waterpower, drove the adoption of steam power, consistent with high switching costs. In order to understand the role that geography played for the diffusion of steam power, we develop and estimate a dynamic model of how manufacturers select locations and choose power sources.