Topic # 3: Britain's high wage pre-modern economy.

(*) Allen (2009), "The High Wage Economy of Pre-Industrial Britain", in The British Industrial Revolution in Global Perspective, Pg. 25-56.

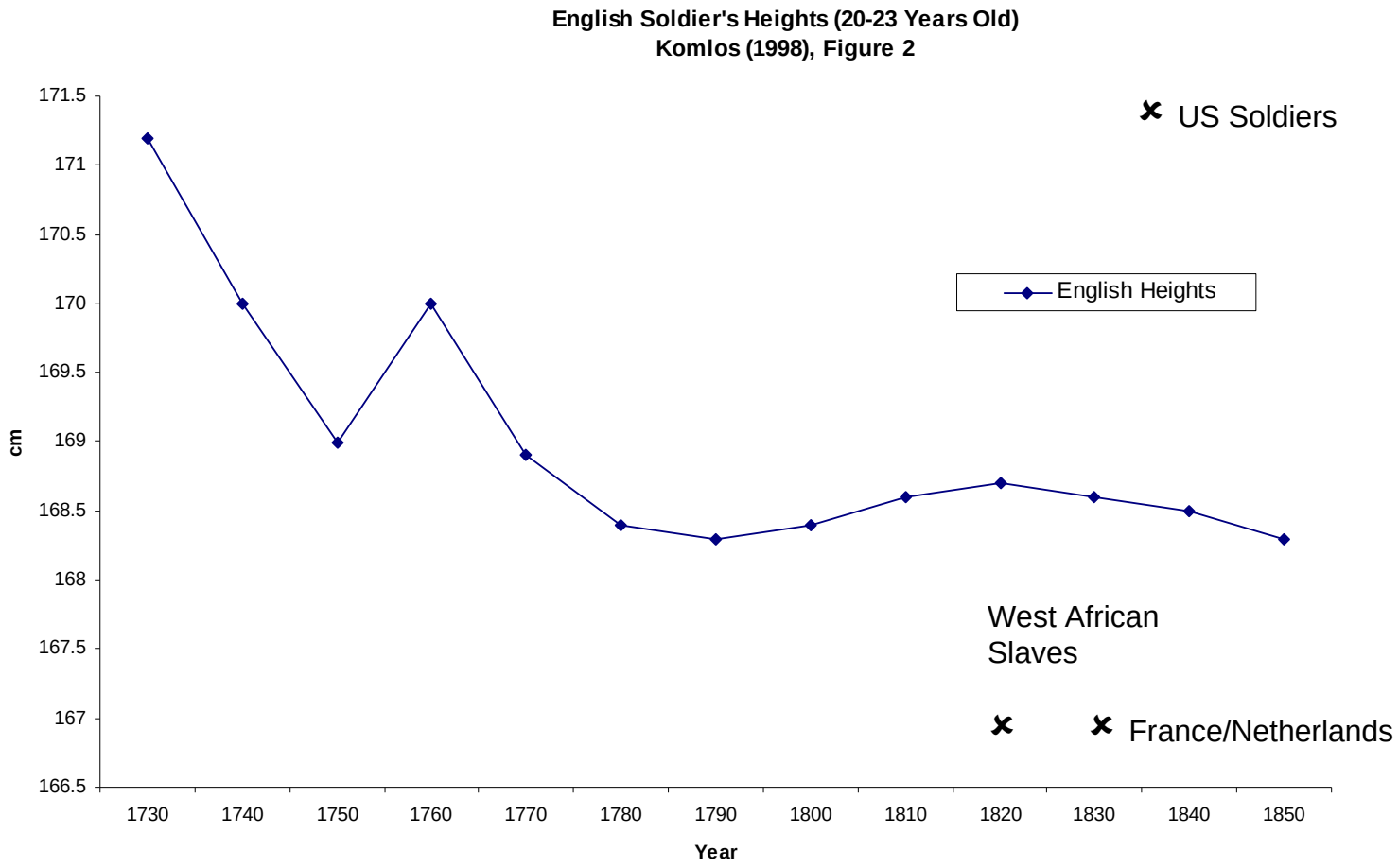
(*-DL) Allen (2003), "Poverty and Progress in Early Modern Europe", Economic History Review, Pg. 403-43.

- Question: Why were Britain's "subsistence" wages and living standards so high?
- Theory: A simulation model of the British economy.
- Evidence: Real wages and living standards.

- Evidence:
  - British wages, prices and the cost of fuel.
  - British biological standard of living.
  - Education and leisure.

- A Simulation Model:
  - 4 equations.
  - Counterfactual experiments to explain high wages, urbanization and trade.

	Average Real Price per Million BTU			
	1600	1700	1750	1800
London coal	2.63	3.93	3.96	3.84
UK coal-field	0.63	0.63	0.65	0.50
Amsterdam wood	2.55	3.57	4.23	5.67
Paris	5.50	5.39	6.95	6.65
Valencia	6.64	5.53	6.58	
Vienna	2.15	3.20	3.31	2.76


English Soldier's Heights (20-23 Years Old)
Komlos (1998), Figure 2
171.5
171
170.5
170
169.5
169
168.5
168
167.5
167
166.5
cm
1730
1740
1750
1760
1770
1780
1790
1800
1810
1820
1830
1840
1850
Year
English Heights
US Soldiers
West African Slaves
France/Netherlands
Northern India (161 cm)

Some Other Welfare Indicators

Adult "Literacy" in 1800	
England	53%
Netherlands	68%
France	37%
Italy	22%

Hours Worked per Day	
London (1800)	9.1
Modern Hunter-Gather	5.9
(Median 13 samples)	
US (1830)	9.9

Food Quantity, Quality and Variety
(England, 1840)

	% Income on Food	Calories/ Protein	% Sugar+ Tea
Low Wage	85%	1605/64	0
Low-Mid	76%	2806/106	0.9%
High-Mid	74%	3219/119	1.8%
High Wage	61%	3937/147	3.1%

Allen's (2009) Simulation Model for Early Modern Europe

5 Endogenous Variables / 7 Exogenous Variables
(9 European Nations, 1300-1800)

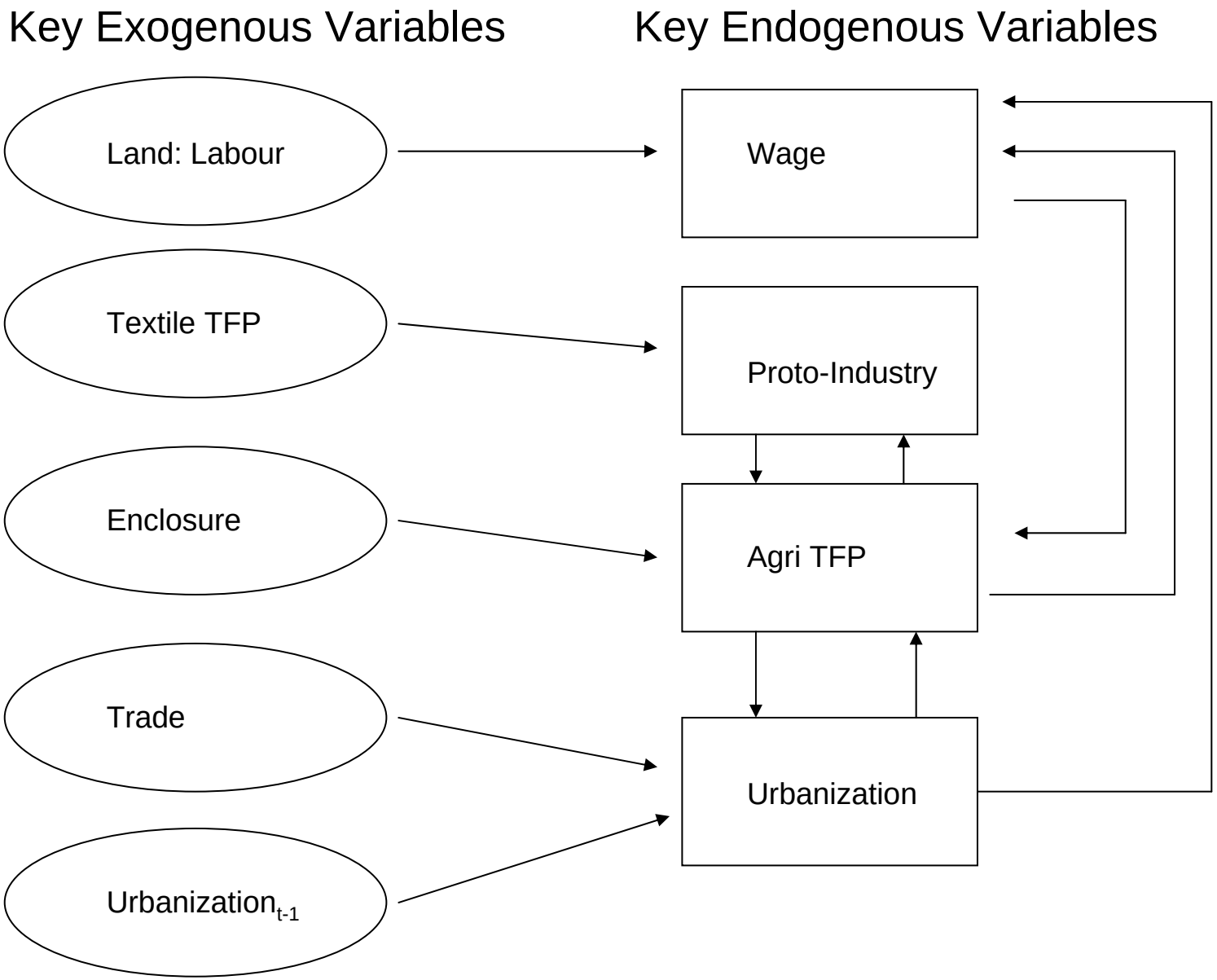
Wage = f(urbanization, agri A, land:labour, democracy, proto-industry, literacy, trade)

Agri A = f(urbanization, proto-industry, wage, enclosure, democracy, literacy)

Urbanization = f(agri A, trade, democracy, literacy, textile A, lagged urbanization)

Proto-Industry = f(agri A, wage, textile A, democracy, literacy, trade)

Population = f(wage, urbanization, black death, war)


Key Exogenous Variables
Key Endogenous Variables
Land: Labour
Textile TFP
Enclosure
Trade
Urbanization$_{t-1}$
Wage
Proto-Industry
Agri TFP
Urbanization