

Topic # 7: A British agricultural revolution.

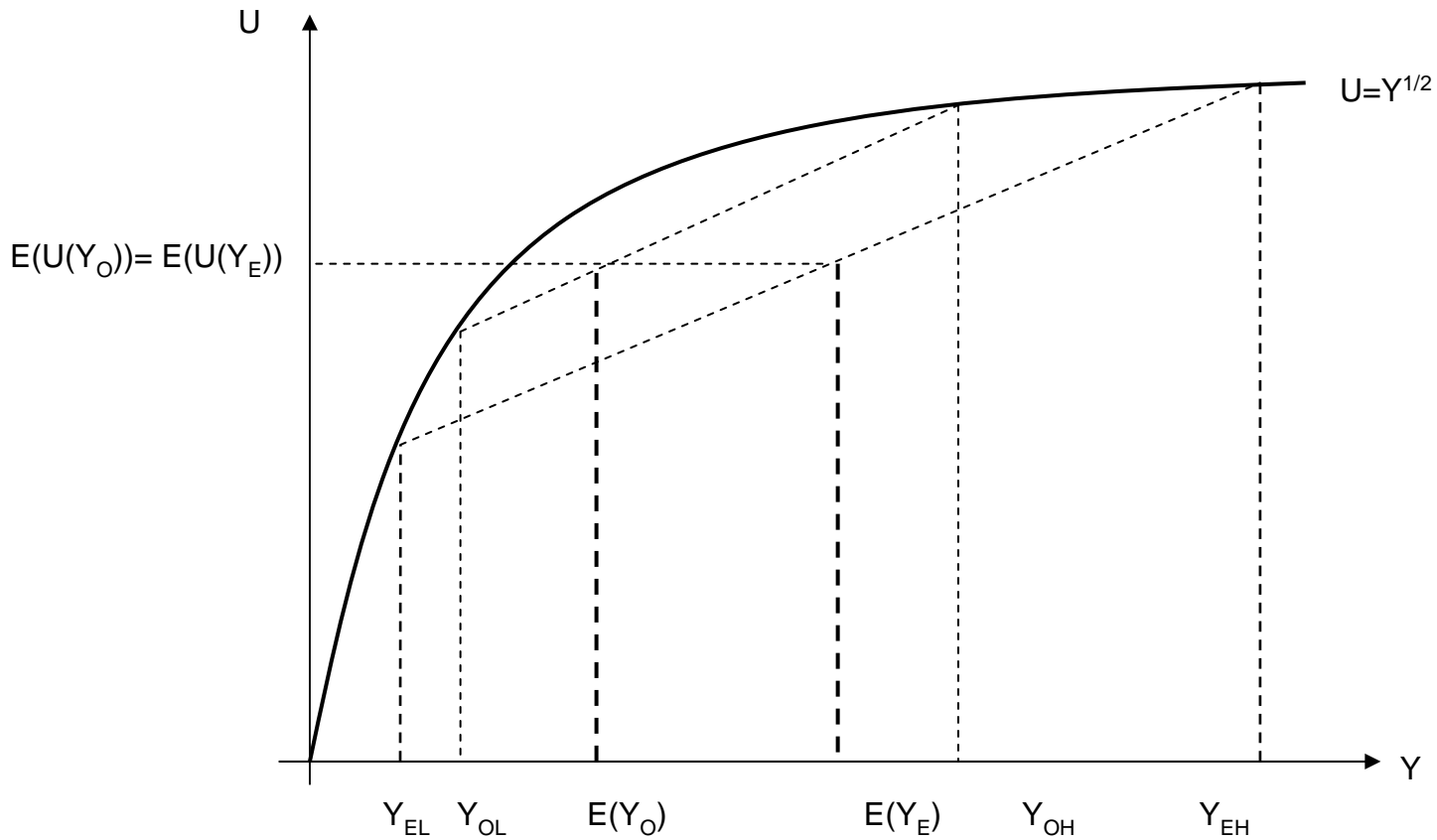
(* -DL) McCloskey (1972), “The Enclosure of Open Fields”, Journal of Economic History, Pg. 15-35.

(* -DL) Allen (1982), “The Efficiency and Distributional Consequences of 18th Century Enclosures”, Economic Journal, Pg. 937-53.

(* -DL) Clark (1998), “Commons Sense: Common Property Rights, Efficiency and Institutional Change”, Journal of Economic History, Pg. 73-102.

- Question: Did the open field system really constrain growth? If so, why did it persist for so long?
- Theory: Simplified GE model.
- Evidence: Rents, productivity and returns to capital.

- Why does MEG need an “agricultural revolution”?
- Describing the open field system and enclosure.
- Advantages vs. disadvantages.
 - Valuing risk.
- Returns to enclosure.
 - Persistence?
- Efficiency gains vs. redistribution.
- Revisiting rent increases and the opportunity costs of investment funds.



Comparing Farmer's Willingness to Pay for Open vs. Enclosed Farms

McCloskey (1972)

$$\Delta \text{GNP} = \Delta W_{L_{\text{ag}}}^{\text{ag}} L_{\text{ag}} + \Delta W_{K_{\text{ag}}}^{\text{ag}} K_{\text{ag}} + \Delta W_{M_{\text{ag}}}^{\text{ag}} M_{\text{ag}} + \Delta W_{L_{\text{man}}}^{\text{man}} L_{\text{man}} + \Delta W_{K_{\text{man}}}^{\text{man}} K_{\text{man}}$$

Assume:

$$\begin{aligned}\Delta W_{L_{\text{ag}}}^{\text{ag}} &= \Delta W_{L_{\text{man}}}^{\text{man}} = 0 \\ \Delta W_{K_{\text{ag}}}^{\text{ag}} &= \Delta W_{K_{\text{man}}}^{\text{man}} = 0 \\ \Delta L_{\text{ag}} &= - \Delta L_{\text{man}} \\ \Delta K_{\text{ag}} &= - \Delta K_{\text{man}} \\ \Delta M_{\text{ag}} &= 0\end{aligned}$$

$$\therefore \Delta \text{GNP} = M_{\text{ag}} \times \Delta W_{M_{\text{ag}}}^{\text{ag}}$$

Allen (1982)

$$W_M^{\text{open}} / W_M^{\text{close}} = (P^{\text{open}} / P^{\text{close}})^{1/\gamma} \times \\ (W_L^{\text{open}} / W_L^{\text{close}})^{-1/\gamma} \times \\ (W_K^{\text{open}} / W_K^{\text{close}})^{-1/\gamma} \times \\ (A^{\text{open}} / A^{\text{close}})^{1/\gamma}$$

- $A^{\text{open}} / A^{\text{close}} = 1.30$ (without adjustment)
= 1.00 (with adjustment)
- Rent share surplus Open/Close = 0.50
 - o Redistribution?

Return on Enclosure Investment (England)
Clark (1998), Table 11

