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Precocious albion: A new interpretation of the British Industrial Revolution

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Precocious Albion: 
a New Interpretation of 
the British Industrial Revolution

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Introduction

Why was Britain the cradle of the Industrial Revolution? The literature on the topic is quite substantial, and very little of a consensus has been reached since the survey in Mokyr (1999). The dominant schools are divided between those who focus on geographic endowments (such as coal), those who focus on politics and institutions (including the Glorious Revolution), and those who stress Empire and Britain’s colonial successes.

In what follows we present an argument that focuses on the quality of the British labor force. While in the past claims for human capital as an explanation of Britain’s leadership have been dismissed because of its mediocre schooling and literacy rates (Mitch, 1998), we argue that this focuses on the wrong variables. Instead, we highlight two very different dimensions of human capital. One is the physical condition of the average British worker. We will argue that better nutrition made British males grew up on average to be healthier and taller than their continental counterparts. Health and height meant both more physical strength and in all likelihood higher cognitive ability, and hence higher labor productivity. As nutrition was costly, better health can be seen as investment by parents in their children’s human capital. The other is that the distribution of ability and dexterity in Britain was more skewed, so that there was a much larger density in the right tail, that is, a relatively large contingent of highly-skilled and capable technical workers. That contingent may have contained a higher endowment of skills, through a more flexible and effective system of training young men in the apprenticeship system, but what counted above all was its highly skilled mechanics and engineers, who may not have been a large proportion of the labor force.

The net result is that on the eve of the Industrial Revolution, while Britain may have had more accessible coal and a larger overseas empire, the main reason for its precocity was its higher level of human capital. We do not dismiss other explanations, such as institutions. The contrast between institutions and human capital suggested by Glaeser et al. (2004) only exists if we employ a very narrow definition of institutions. If we include a wider definition of both formal and informal institutions, as well as distributional arrangements such as the Poor Law, we will show how in fact part of the comparatively high level of human capital was rooted in Britain’s institutions.

Induced Innovation and the Industrial Revolution

An obvious implication of a higher productivity of British workers is that the observed wage level in Britain was higher than elsewhere. Robert Allen (2009a, 2009b, 2010), the leading collector and organizer of the wage data on which this observation is based, has suggested that the higher wages themselves may have been instrumental in bringing about the Industrial Revolution.
Allen has resuscitated the idea of induced innovation and re-introduced it into the literature of the origins of the Industrial Revolution. The argument builds upon the literature that flourished in economic history in the 1960s on the effects of high wages on labor-saving innovation. He submits that the British Industrial Revolution was driven by a set of labor-saving and coal-using innovations, stimulated by the high cost ratio of labor to energy in Britain, relative to France (which is taken to be representative of the rest of Europe). The high level of British wages is attributed by Allen primarily to labor demand: the growing commercial and maritime sector and the growth of urban centers raised real wages in Britain, as it did elsewhere. This argument has obviously resonated with other scholars. For instance, Jean-Laurent Rosenthal and Bin Wong (2011) adopt it wholesale in their account of the difference between nineteenth-century technological progress in China and Britain.

The induced innovation argument has a venerable pedigree in economic history as an explanation of why technological progress differed across economies. In the early stages of this literature, it was applied to explain the difference between American and British technology, with Britain cast in the role of the low wage economy (Rothbarth, 1946; Habakkuk, 1962; Temin, 1966, 1971). Paul David (1975) attempted to resolve the issue of substitution vs. technological progress and proposed a model that resembles Allen’s framework. He assumes that innovation was mostly “local” (that is, the product of learning by doing), and that this learning was faster in the more mechanized techniques. If that was the case, the choice among existing techniques (substitution) will have driven high-wage economies to choose labor-saving techniques, and these will have generated further innovation in the neighborhood of high capital/labor ratios, leading to falling costs in those techniques. Eventually the unit costs of the mechanized techniques became so low that even the relatively low wage economies will have mechanized, and thus the British Industrial Revolution spread to the Continent. In Allen’s view, this model describes, roughly speaking, the history of the Industrial Revolution in Europe, although he is willing to leave some room to exogenous factors such as the Enlightenment and the Scientific Revolution.1

In more recent years, Daron Acemoglu (2001, 2002, and 2010) has shed further light on the economics of induced innovation (Acemoglu, 2001, 2002, 2010). His research has recast the literature in terms consistent with endogenous growth, by postulating that innovation is brought about by profit-maximizing individuals or firms, who then become monopolistic sellers of the new technique or good. These models provide a more rigorous foundation for the induced innovation literature, but in the final analysis this work has not helped cast much light on the role of high wages in the British Industrial Revolution.2 All the same, in some historical situations, it has been shown

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1 Allen (2009, pp. 52-56, 143) recognizes the difference in human capital levels between Britain and the rest of the Continent, but does not explore the implications for his interpretation.

2 One implication of Acemoglu’s model is that, because of the growth in the supply of unskilled labor in Britain (migrants, as well as women and children), technological progress might have been what he calls “skill-replacing.” But while the machines may have in some cases (especially in textiles) have done that, it also increased the demand for very highly specialized skilled labor that could build, install, and maintain the new equipment. An increase in the supply of skills, he shows, can under certain conditions actually increase its price (that is, the skill premium). Elsewhere,
that when there is a strong unanticipated supply shock to factor prices, induced innovation can help to bring about adjustment. Good examples of such a phenomenon are the contributions of Walker Hanlon (2013) on the British response to the Cotton Famine and that of Richard Hornbeck and Suresh Naidu (2012) on technological response to the Mississippi Floods of 1927.

As an explanation for the British Industrial Revolution, an argument based on high wage levels relative to other economies needs to make strong assumptions, the most basic one being that higher British wages entailed higher unit labor costs for British employers. As we will show below, it is far from clear that this assumption was met during the British Industrial Revolution. This is hardly a new idea. It was noted in a passage by Arthur Young commenting on the low cost of French labor: “labour is generally in reality the cheapest where it is nominally the dearest. The quality of the work, the skill and dexterity of performance come largely into account” (Young, 1790, p. 311). In 1824 Thomas Malthus made the same point: “Generally, my opinion is, that the efficiency of labour in France is less than in England, and that that is one of the principle causes why the money price of labour is lower in France than in England” (Great Britain, 1824, p. 600).

A number of other possible objections to the argument have been raised. For one thing, Allen focuses on process innovation (much of it focused on the textile industry), in which unit costs were reduced through mechanization. While this is an apt description of some of the innovations we associate with the Industrial Revolution, we must keep in mind that new techniques were emerging along a broad front of production, and that many are hard to classify as either labor- or capital saving, as they involve entirely new or vastly improved products or services, from canned food to marine chronometers to vaccination. It also must be shown that the London male wages relied upon by Allen are representative of what textile mill owners expected to pay their workers (something strongly objected to by Jane Humphries, 2013). It should also be stressed that Allen focuses primarily on the British cotton industry, by all accounts one of the most dynamic industries of the Industrial Revolution and often associated with it. Yet Mokyr and Ralf Meisenzahl (2012) demonstrate that in many respects the inventive processes in the cotton industry were atypical, and that in most other industries, such as engineering, the incentives and backgrounds of inventors were quite different. Hence cotton was in some sense an outlier in the Industrial Revolution. Equally worrisome for his argument is that he must show that the new capital-intensive techniques were profitable for Britain but that for a long period they could not be used in France because of its cheaper labor. At least one investigation has shown that even for the cotton industry, the story may be problematic. Ugo Gragnolati, Daniele Moschella, and Emmanuele Pugliese (2011) demonstrate that on Allen’s own numbers, the jenny, while more profitable in Britain than in France, would under reasonable

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Acemoglu (2010) specifically mentions the Habakkuk and Allen work as examples of labor saving technological change that might have been induced by labor scarcity. He concludes (2010, p. 1071) that “whether labor scarcity and high wages may induce innovation and technology adoption in practice is an open empirical question and is likely to depend on the specific application.” Furthermore, in Acemoglu’s model biased technological progress is triggered, if at all, by a rise in wages (not a high level). There is little evidence that wages actually rose sharply before the Industrial Revolution, and after 1750 the growth in labor supply due to the acceleration in population growth makes this quite unlikely.
assumption also been profitable in France from the onset (for a similar view, see Charles Foster and Eric L. Jones, 2013, pp. 103-04).

Moreover, Allen focuses on the high cost of labor relative to the cost of energy. This is perfectly reasonable, given that in many of the British industrializing areas coal was abundant and cheap. It should be kept in mind, however, that steam power, the paradigmatic technology in which fossil energy supposedly replaced labor, was often used to replace horses or watermills. This indicates that the Industrial Revolution, rather than simply substituting resources for labor, replaced one form of resources by another. It is telling that in Cornwall, where coal was expensive, its high cost did not slow down technological progress, but simply re-oriented it into another direction. Indeed, the high cost of coal has been cited as the stimulus for the development of fuel-saving technology in Cornwall (Nuvolari and Verspagen, 2009, pp. 686-87). The success of Cornish engineers such as Arthur Woolf in developing fuel-saving engines wherever coal was expensive suggests that what was driving technological progress was something deeper and stronger than cheap coal and high wages, although the latter were affecting the direction into which innovation moved. Coal was important, but it was itself subject to technological progress, and its cost and availability were clearly endogenous to deeper forces. As E.L. Jones (2012, p. 7) remarks, “industry was growing in the North before any significant generation of power using coal, while trades vital for inventiveness — notably clock and watchmakers in South Lancashire — used little fuel.”

Finally, it may be added that the evidence for technological progress during the Industrial Revolution being on the whole labor-saving, as the induced innovation hypothesis would contend, is mixed at best. The macroeconomic record, questionable as the data are, is summarized by von Tunzelmann (1994, pp. 289-91). Apart from a short period during the Napoleonic Wars, he found little evidence that technological change in Britain as a whole was on balance labor-saving before 1830. Even after that year, in his view, when there was a clear-cut shift toward more labor-saving machinery, it was dampened by "the continuing labour-surplus of males" (ibid., p. 291). The microeconomic evidence from the patent records, assembled by Christine MacLeod (1988), is equally troubling for the labor-saving inventions hypothesis. She calculates that labor saving was a stated goal of patentees in only 4.2 percent of all patents taken out between 1660 and 1800, whereas capital saving was the goal in 30.8 percent of all patents. Looking at what patents actually achieved, only 21 percent of all inventions can be said to have saved labor, compared to the 30.8 percent that were said to save on capital (MacLeod, 1988, pp. 160-71).

In what follows, we will show that there is good reason to believe that there were far-reaching differences in the quality of labor between Britain and France on the eve of the Industrial Revolution that all point in the direction of British workers being more productive than their French colleagues. High wages were little more than a symptom of much deeper differences between Britain and the

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3Even in textiles, anecdotal evidence that high wages and cheap coal were the prime mover in mechanization is mixed. Arthur Young reported in 1807 from Witney (Oxfordshire) that it was a low-wage area, suffering from "the want of vicinity to coal" — yet it had introduced spinning jennies and "spring looms" (flying shuttles). The labor-saving innovations did not help raise local wages and most of the local poor were denied a share in the increasing prosperity (Young, 1807, p. 326).
The very factors that made Britain’s workers more productive may well have also been important in generating the inventions, and (equally important), in disseminating and absorbing new knowledge and putting it to good use. We will show a number of things. One is that the differences in productivity between British and French workers were sufficient to cast doubt on the assumption that unit labor costs in Britain were higher than in France. Another is that this higher quality of labor helps explain the British Industrial Revolution without having to rely on induced innovation. In this case the high wage is not the cause of invention, but a symptom of deeper factors that drive both wages and technological creativity.

A Simple Model of Human Capital and the Industrial Revolution

In what follows, we present the verbal and graphical outline of a simple dynamic model that captures the main features of our view of the Industrial Revolution. The formal model may be found in the Appendix to this paper, retrievable at http://www.ucd.ie/t4cms/WP13_12.pdf. The historical reality the model reflected in the model is that technological ideas were generated by the Industrial Enlightenment, which redirected research efforts toward more pragmatic purposes, and re-organized useful knowledge to make it more accessible (Mokyr, 2009). But turning this into an Industrial Revolution required skilled and capable artisans who could build the new devices from blueprints, install, operate, and maintain them. These abilities took a large amount of training and adeptness, and we will refer to them as competence.

The importance of competence can be incorporated into a standard Phelps-Nelson growth model of human capital, in which productivity evolves as a function of human capital: specifically, there is some “maximum” level of attainable, and in each period the economy gets closer to it as a function of its competence. Competence in the next period itself is a function of the existing stock of competence (reflecting the fact that artisans were trained by other artisans) and the investment their parents make in their training (reflecting the facts that apprentices had to pay a fee to their master and that health depended on food consumption). The growth in productivity \( A \) is a function of past productivity and the level of competence in the economy. We then define a variable we term \( M \) (for “misery”), defined as the reciprocal of both health and competence.

The model then solves for two log-linear difference equations that follow the trajectories of both \( A \) and \( M \) over time. This will be recognized as adaptation of a linearized Lotka-Volterra dynamic system of two competing species (Hofbauer and Sigmund, 1998, pp. 22-28). The two state variables \( M \) and \( A \) can be seen as two competing “species” in a finite environment. The growth of each species is retarded by the presence of the other. Four possible equilibria are possible. One is that conditions are so favorable to the first “species”, misery in our case, that its “population” will be high regardless of the second species, which it always drives to its minimum level. This corresponds to the “Malthusian” (dismal) equilibrium, with population at the minimum of subsistence (maximum \( M \)), and \( A \) at its very minimum. The converse holds when \( A \) drives out \( M \) meaning that \( M \) is minimized (high levels of health and human capital). Two other equilibria are possible: if the species have little impact on each other both co-exist at positive levels; If they have a strong effect
on one another, it becomes indeterminate which of the two drives out the other, the outcome depends on initial conditions: whichever species initially has a sufficiently large population to dominate the system will drive the other out.

The model then posits two economies that we shall call France and Britain. Each faces the same best-practice technological frontier $\tilde{A}$ that rises through time, reflecting the progress of Enlightenment scientific knowledge in Europe, which easily crossed national boundaries. France and England differ in only one way: initially disposable income is higher in Britain than in France. This historical development is described in fig. 1. Our starting point, in panel (a), is a stark Malthusian world with little knowledge: $\log \tilde{A}$ is arbitrarily small and the knowledge isocline $\tilde{A}$ lies completely below the two misery isoclines pertaining to both countries. As a result, both economies are at an equilibrium at the lower bound of knowledge. As time passes, best-practice technology $\tilde{A}$ will rise exogenously, reflecting the progress of Enlightenment useful knowledge, and this will be the driving force behind the model. At some point, the $\tilde{A}$-isocline rises enough to intersect with the British misery-isocline but is still below the French one. This is depicted in panel (b). What happens then depends on the parameters: under weak interaction Britain may start moving to an interior solution at the intersection of the two; under strong interaction, the higher level of $\tilde{A}$ only starts kicking in when the $\tilde{A}$ isocline is entirely above it, as $\tilde{A}_3$ in panel (c). At that time Britain jumps to a new equilibrium at $\log \tilde{A}_3$, at which it misery index is at minimum and its productivity is high, while the French remain in a Malthusian equilibrium until the $\tilde{A}$ isocline has advanced sufficiently to make the transition possible there as well (panel 4). Because English human capability is initially slightly higher than French, England can start to apply technological knowledge to production earlier, giving rise to a cumulative process of rising living standards, rising human capital, and improving production technology. A gradual rise in knowledge above a critical level causes England to experience an industrial revolution, while France for a while appears mired in age-old backwardness.

Note that we need not assume that Britain is originally richer than France: the French $M$-isocline would lie above the British one if Britain’s elasticity of converting knowledge into productivity was higher, or its ability to teach its apprentices was higher because the institutions governing apprenticeship worked better, or the elasticity of output w.r.t. human capital were higher, or some combination of those.
This estimate is consistent with Arthur Young’s eighteenth-century observations. Dividing the median costs of reaping an acre of wheat (60d) by the median harvest wage (20d-22d per day) on both Young’s southern and northern circuits yields a rate just under three man days per acre (Young 1771, IV, 293-296; 1772). Young wrote that “Strength depends on nourishment; and if this difference be admitted, an English workman ought to be able to do half as much work again as a Frenchman” (Young, 1793, II, 315-316).
allowing for considerable measurement error, the roughly 65-75 per cent productivity advantage for English workers suggests a real difference in the physical quality of labor.

<table>
<thead>
<tr>
<th>Real Wages, 1780</th>
<th>England</th>
<th>France</th>
</tr>
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<tbody>
<tr>
<td>Craftsmen</td>
<td>1.82</td>
<td>1.00</td>
</tr>
<tr>
<td>Laborers</td>
<td>1.80</td>
<td>1.00</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Agricultural Output per man-day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reaping</td>
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<tr>
<td>Threshing</td>
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</table>

Table 1:


The exact reason why British workers were more productive than French ones is yet to be resolved. It might be pointed out, however, that if income per capita affected labor productivity (instead of just the other way around), we are in an efficiency-wage world, in which employers will find it in their interest to pay workers more than the lowest wage possible, because by paying a higher wage they increase their productivity. They will continue to do so until the increase in labor productivity is equal to the higher wage. A standard issue here is that coordination failure between employers may undermine this equilibrium. An employer may want to pay his workers a higher wage to elicit more work out of them. If this efficiency wage engenders personal loyalty to the employer and thus reduces the effects of asymmetrical information, this could work fine. However, if it works through a mechanism of improved worker strength and energy due to better nutrition or creates an inter-generational externality by improving the quality of workers available to the next generation of firms, other employers might free-ride on the higher wage, and a coordination failure would result in a low-wage equilibrium. Arguably the British Poor Law could be seen as an attempt to prevent local free-riding on improved worker quality.

Our argument, then, is that British workers were of higher quality than French ones. This would not only explain their higher wages, but also provide a critical link that explains why British workers were able to take advantage of the technological opportunities emerging in the eighteenth century. This is not a traditional human capital argument: as is well-known, in this period Britain led Europe neither in the quality and quantity of its educational system nor in observed literacy rates. Instead of human capital in its conventional, narrow sense of rates of literacy and schooling, we want to focus on the wider concept of what Heckman (2007) has termed human capability. Human capability is the triad of cognitive skills, non-cognitive skills (for example self-control, perseverance, time preference, risk aversion, preference for leisure), and health. These components of human
capability in turn are strongly determined by the individual’s nutritional and disease environment from conception to adolescence.

**Nutrition, Health and Physical Capability**

Perhaps the most obvious source of difference between British workers and French workers is that the former seem to have been fed better. There is a fair amount of anecdotal evidence that suggests that for the bulk of the population, Britons were better fed than Frenchmen. That said, estimates of the exact gap differ quite a bit. Robert Fogel (2004) famously argued that English workers, by being better fed than their French counterparts, were capable of more work, and estimated that the median French worker consumed about 2200 kcal per day, considerably less than a median English diet of about 2600 kcal. The amount of energy available for work (after the needs of basal metabolic demand) per capita in his estimate was about one-third higher in England than in France: 600 kcals in France in 1785, against 812 kcals in England in 1750 and 858 kcals in 1800 (pp 9-11). The more recent calculations in Roderick Floud et al. (2011, pp. 99) are similar and put the English mean around 1800 at 2,456 kcal as opposed to the French mean of 1,847 (computed from id., pp. 114–15); while Stephen Broadberry et al. (2011) estimate 2,100 kcal, more or less unchanged between the mid-thirteenth and mid-nineteenth centuries. At the other extreme, Craig Muldrew (2011, p. 156) estimates average calories per capita in England at 5,047 in 1770, falling to 3,977 in 1800, although these estimates rely on implausibly high output of coarse grains. In the middle is Allen (2005) with an estimate of 3,800 kcal in 1750 falling to 2,900 in 1800.

The net effect of higher infant mortality on adult productivity depends, to some extent, on why infant mortality was so much higher in the first place. France's high infant mortality reflected to some extent its lower standard of living and inferior diet probably had something to do with it. Mary Matossian (1984) has linked higher French death rates to greater consumption of the wrong kind of food, whereas Fogel (2004) and Bernard Harris et al. (2010) emphasize the link between inadequate food consumption — hunger — and “premature death.”

In terms of the quality of the diet, the data suggest a much higher percentage of animal protein consumption in Britain than on the Continent. Muldrew’s claim (2011, p. 153) that British adult laborers consumed about 0.7 lbs of meat a day around 1770 may err on the high side, but Floud et al.’s estimates (2011, p. 210) of a per capita consumption of 4.9 oz in 1750 and 4.4 oz in 1800 still compare favorably with Jean-Claude Toutain's estimates of France's per capita meat consumption of 0.1 - 0.13 lbs per capita on the eve of the French Revolution. In Germany, too, meat consumption was low (see Blum, 1974, pp. 413–15). Anecdotal evidence is abundant: many travelers visiting Britain commented on British carnivorous habits. Thus B.L. de Muralt, a Swiss traveler, in 1726 noted that “the pleasures of the table in this happy nation” contained much roast beef which is a favorite dish as well at the King's table as at Tradesman” (Muralt, 1726, pp. 39-40). In 1748 Per Kalm, a Swede, similarly remarked that he does not believe that any Englishman “who is his own master, has ever eaten a meal without meat” (Kalm, 1892, p. 15).
A case could me made for assuming a bigger coefficient of variation. Villermé (18//) reports that in 1817 the average height of all those measured was 161.5 cm with 28 per cent below 157 cm. That is consistent with a coefficient of variation of 4.75 per cent.

The effects of better nutrition are most obviously visible in the differences in heights of adult males. Figure 2 above describes the average heights of English male convicts and French army recruits (Weir 1997: 191; Nicholas and Steckel 1991). Both sets of data refer to cohorts born between 1780 and 1815, and neither is likely to suffer from the kind of selection bias that compromises inferences drawn from the heights of recruits in volunteer armies (Mokyr and Ó Gráda 1996).

The English heights distinguish between urban and rural convicts. In Figure 2, \(fr\) reproduces David Weir’s estimates, to which we have added 1 cm to reflect the fact that they refer to recruits aged 20–21 years and that in societies that are malnourished, adult males do not reach their terminal height till age 23. Weir’s estimates assume a coefficient of variation of 3.5 per cent in heights; \(fr04\) assumes the coefficient of variation of 4 per cent implied by d’Angeville’s data for 1825–30.\(^5\) The comparison suggests that the gap between French and English heights on the eve of the Industrial

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Revolution was considerable — about 5 centimeters. Moreover, if socially more representative data for England were available (i.e. not just data on transported convicts, who came disproportionately from poor backgrounds), the likelihood is that the gap would be somewhat wider still (compare Fogel 2004, p. 13; Heyberger 2007). The gap for those born c. 1810-15 was lower but still significant, 3-5 cm.

Other data confirm these gaps. For 1825-1829, Adolphe d’Angeville (1836, Table 3) reports the average height of accepted recruits by administrative department, and the proportions rejected because of height or fitness. Under normality, Angeville’s national average of 165.1 cm for accepted recruits, and 16 per cent rejected for height is consistent with a population mean of 163.8 cm and a coefficient of variation of 4 per cent. David Weir (1997) reports estimates of heights from 1804 onwards based on the sample of accepted recruits but assumes a coefficient of variation of only 3.5 per cent: the same as in modern western populations where the heights of the poor have more or less converged on those of the rich. This low coefficient of variation gives a 0.4 cm increase in average height for the late 1820s compared with our estimate; but a very large gap for 1817: Weir estimates an average height of 163.2 cm compared with Louis-RenéVillermé’s reported value of 161.5 cm. In any event, all of those French estimates are substantially below the best British estimates that are between 168 and 170 cm (Riley, 1994).

The significance of height gaps is that above all they serve as a canary in the coal mine: they indicate that in childhood, much as in adulthood, the French were fed considerably more poorly than the British. But height was also an indication of physical strength, as modern studies indicate. The strength of a muscle is proportional to its cross section, which increases as the square of height as empirical studies show. For example, a study of Indian female labourers implies an elasticity of about two between height and grip strength, while a study of champion weight lifters found that weight lifted “varied almost exactly with height squared” (Forde et al. 2000; see also Koley, Kaur and Sandhu 2009). It is telling, perhaps, that contemporary scientists tried to measure differences in physical strength and found that the strength of five Englishmen equaled that of a horse, as did the

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6Assuming normality and a coefficient of variation of 4.75 per cent implies that the average height of accepted recruits was 165.1 cm. Inferring average population height from this figure using Weir’s assumption of a 3.5 per cent coefficient of variation gives a value of 163.8 cm, close to Weir’s reported estimate.
strength of seven Dutchmen or Frenchmen (Desaguliers, 1734–44, Vol. 1, p. 254). Daniel Defoe noted that a French worker may well be more diligent than his English colleague, but “the English Man shall do as much Business in the fewer hours as the Foreigner who sits longer at it” and added that “the English Man’s work, according to his Wages, out-weigh the other; as his Beer is strong, so is his Work; and as he gives more Strength of Sinews to his Strokes in the Loom, his Work is firmer and faster, and carries a greater Substance with it” (Defoe, 1728, pp. 38, 40). Moreover, childhood nutrition and health, which affect height, also had a strong effect on cognitive ability as we will see below.

What we are really interested in, however, is how much height mattered for productivity. There is no easy way to infer that information from eighteenth or nineteenth century data; but modern data give us something of a clue: In a series of studies of the impact of height on wages based on modern African and Brazilian individual-level data, T. Paul Schultz (2002, 2005) reckons that every additional 1 cm. in height is associated with a gain in wage rates of “roughly 5-10 percent.” Wenshu Gao and Russell Smyth (2009), using contemporary urban Chinese wage data, find that each additional centimeter of adult height is associated with wage gains of nearly 5 per cent for males and 11 per cent for females. If a similar relationship between heights and productivity held two centuries ago, then the 4 cm. gap in heights gap between Englishmen and Frenchmen at the time implied a gap of 20-30 per cent in wage rates. This would account for a significant proportion — though not all — of the gap in real wages. This finding also suggests that two centuries ago the causation ran from nutrition and health to wages, and not just vice versa.

The other indicator of lower nutritional standards and lower child health is the difference in infant mortality between the two countries. If life expectancy was significantly longer in Britain, this was likely to reflect an overall better nutritional and health status; moreover, it might be correlated with higher investment in human capital, because parents are more likely to invest in their children to the extent that these had a better chance of surviving. According to the Cambridge Group family reconstitutions expectation of life at birth (hereafter e₀) in England and Wales was 36.4 years in the first half of the eighteenth century and 40.3 years in the second half (Wrigley et al. 1997, p. 295). In France in the 1740s e₀ was about 25 years; between 1750 and 1789 it averaged 28.1 years. The
data are reproduced in Table 5. Most of the gap between English and French $e_0$'s on the eve of the Industrial Revolution was due to the much higher survival rates of English infants and children, but the gap for adults exists as well even if it is smaller.

Table 2: Life Expectancies in Eighteenth century England and France in the Eighteenth century

<table>
<thead>
<tr>
<th></th>
<th>$e_0$</th>
<th>$e_1$</th>
<th>$e_{25}$</th>
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<tbody>
<tr>
<td></td>
<td>England and Wales</td>
<td>France</td>
<td>England and Wales</td>
</tr>
<tr>
<td>1740–49</td>
<td>37.3</td>
<td>46.2</td>
<td>34.5</td>
</tr>
<tr>
<td>1750–59</td>
<td>42.1</td>
<td>50.5</td>
<td>36.6</td>
</tr>
<tr>
<td>1760–69</td>
<td>39.0</td>
<td>47.2</td>
<td>34.4</td>
</tr>
<tr>
<td>1770–79</td>
<td>39.4</td>
<td>47.3</td>
<td>35.3</td>
</tr>
<tr>
<td>1780–89</td>
<td>39.2</td>
<td>47.4</td>
<td>33.9</td>
</tr>
</tbody>
</table>


The significance of Table 2 to our argument is to show not only that life expectancy in Britain was higher on the eve of the Industrial Revolution, but that apparently the damage of poor nutrition played itself out primarily among the young. This may turn out to be highly significant in determining the capabilities of the adult population, assuming that the selection effects (which weeded out the weakest youngsters in France more ruthlessly) did not dominate the deleterious effects of malnutrition on the surviving children. The height difference indicates that this was probably not the case.8

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7 Moreover, in 1750 the proportions of the population living in cities with at least ten thousand inhabitants were 16.7 per cent in England and 9.1 per cent in France; in 1800 they were 20.3 and 8.8 per cent (de Vries 1984: 39). Given lower urban life expectancies, the gap between life spans in rural England and France must have been even higher than reflected in Table 2.

8 Some of the English advantage may have been due to longer breast-feeding (Fildes, 1986, p. 106; McLaren, 1990, p. 163). It could also possibly be in part due to a faster decline in smallpox due to the application of pre-Jenner inoculation techniques, especially after the adoption of improved methods by Robert Sutton in the 1760s (Mokyr, 2009,
Other data on infant mortality and disease confirms the importance of childhood nutrition. For France, England and Sweden during the nineteenth century, Eileen Crimmins and Caleb Finch (2006) find that childhood mortality rates, which reflect nutrition and environmental conditions, are strongly inversely related with subsequent old age mortality and adult heights, which they attribute to differing burdens of childhood infection and inflammation; while Carlos Bozzoli, Angus Deaton and Climent Quintana-Domeque (2009) show that postneonatal (between one month and one year after birth) mortality is a strong predictor of adult height in the US and Europe from 1950 to 1980. In the public health literature for developing economies, César Victora et al. (2008) find a strong connection between childhood malnutrition and shorter adult height, reduced schooling, and lowered economic productivity; while Susan Walker et al. (2011) survey the biological mechanisms through which stunting, iodine deficiency, and iron-deficiency anemia inhibit brain development in children.

Cognitive Effects and Skill Differences

Were British workers more productive because they were smarter than French workers? Until recently, such a question would have met with outrage, but recent work establishing correlations between height and various cognitive abilities points in this direction. Such a difference has nothing to do with any inherent genetic or cultural differences, but a lot with nutrition and health. Since the 1960s a considerable body of literature has sought to identify and quantify the possible impact between malnutrition in the form of protein, iron, and other nutritional deficiencies in infancy and early childhood with weakened cognitive development (e.g. Scrimshaw and Gordon 1969; Scrimshaw 1998). Analysis is complicated by measurement difficulties and the likely influence of other variables correlated with malnutrition. In an early attempt at pinpointing the link between nutrition and brain development, Martha Weidner Williams (1988) pointed to the crucial importance of protein foods. Brain development in the first 18 months requires a number of amino acids and a diet poor in protein foods can produce irreversible damage (as can a diet that is poor in carbohydrates and forces the body to burn proteins). Modern nutrition research (e.g., Whaley et al., 2003; Heys et. pp. 244, 285).
Ther e is also an argument , made most strongl y by Garrett Jones , that IQ corr elates strongl y with income per capita (Jones and Schneider, 2008, 2010).

The fundamental mechanism is that the same factors determining height also influenced mental development. Anne Case and Christina Paxson (2008) find a strong connection between height and cognitive ability in the US and Britain since the 1950s, with the strong impact of adult height on earning disappearing when childhood cognitive ability is controlled for. As we have noted, there is some reason to believe that British children had more access to meat than children on the Continent. For industrializing England Jörg Baten, Dorothee Crayen and Hans-Joachim Voth (2013) find that rising food prices are associated with lower numeracy for the cohorts born during food scarcity, with numeracy measured by ability to recall one’s age. Their study suggests that high food prices in Britain during the French and Napoleonic Wars led to nutritional deficiencies that resulted in some kind of cognitive insult and which can be measured by their lack of numeracy decades afterward. Although Baten, Crayen and Voth may be the first to establish an unambiguous connection between nutrition and cognitive development in a historical environment, given much contemporary evidence, their finding cannot be said to be a surprise.

We are, of course, unable to measure average IQ rates for eighteenth century societies. What we know, however, is that IQ measurements are strongly affected by nutritional intake, both quantitatively and qualitatively, that it is associated with measured height, and that height (the output) and nutrition (the input) differed between France and Britain. This is far from saying that France was behind Britain in productivity because of these cognitive factors; there are profound issues of endogeneity here that remain unresolved. Yet the evidence suggests that on the eve of the Industrial Revolution French workers were in some definable ways less productive than British workers, and hence the gap in wages may have different implications than the ones drawn by Allen.

Were British workers also better endowed with human capital? This is much more difficult to document. Standard measures of schooling and literacy rates are hard to compare, as they are measured using different techniques and at different times. Jaime Reis (2005) estimates mail adult literacy in Britain at ca. 1800 at 60 percent for males and 40 for females, slightly below Northern

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9 There is also an argument, made most strongly by Garrett Jones, that IQ correlates strongly with income per capita (Jones and Schneider, 2008, 2010).
France (71 and 41 percent respectively), but above Southern France (44 and 17 percent). It is, however, open to question whether literacy at this early stage of the Industrial Revolution mattered a lot; highly literate regions in the Lutheran Baltic Scandinavia were latecomers to industrialization. (Sandberg, 1979). David Mitch (1999) has specifically argued that Britain by the early nineteenth century was, if anything, overeducated. School enrollment in the first half of the nineteenth century was not all that impressive in Britain either. By 1830, 28 percent of the male population aged 5-14 years were enrolled in schools in England and Wales. The figure rose to 50 percent in 1850, but this was significantly less than in Prussia where the percentages were respectively 70 percent in 1830 and 73 percent in 1850, and even behind France (39 percent and 51 percent) (Lindert, 2004, pp. 125-26).

As Deirdre McCloskey (2010, p. 162) notes, human capital so defined by itself had little effect: a miner at the coalface may have to be skilled, but the hewer’s skill had nothing to do with formal education and book learning. The same was true for skilled textile workers, construction laborers, sailors, and so on. In a recent paper Sascha Becker, Eric Horning and Ludgar Woessner (2011) establish that literacy mattered a great deal for “catching-up” but not for the generation of new techniques, as was the case in the British Industrial Revolution. Standard human capital measures do not really reflect much advantage to Britain and do not explain its precocity.

Instead, we want to focus on a different form of human capital, namely the idea of competence introduced above. The basic idea is that technology, much like the performing arts, is an implementable form of culture; much like music and theatre it takes one person to write the original, but another to be “performed” — that is, carried out or executed by competent individuals. Those skills, however, do not necessarily include creativity and originality. Britain and France could both count on a considerable supply of original genius as attested by the fact that a substantial number of the great inventions made during the Industrial Revolution originated in France even if they were first implemented on a large scale in Britain. Britain had an advantage in skilled artisans, what Meisenzahl and Mokyr have terms “implementer and tweakers”. This was surely something that historians and contemporaries were convinced of.10 A French visitor in 1704 noted that the English were “wanting in industry excepting mechanicks wherein they are, of all nations, the greatest

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10As early as 1690, even Dutch travellers commented on the superiority of British artisans and their high level of skills from furniture design to the casting of metal rollers (Dobbs and Jacob, 1995, p. 74).
improvers” (cited by Hollister-Short, 1976, p. 159). The idea that the British were above all good imitators thanks to their skilled labor force was reiterated by none less than David Hume, who opined that “every improvement which we have made [in the past two centuries] has arisen from our imitation of foreigners ... Notwithstanding the advanced state of our manufacturers, we daily adopt, in every art, the inventions and improvements of our neighbours” (Hume, [1777], 1985, p. 328). Other such quotes can be found (Mokyr, 2009, pp. 107–08) and for a while it became something of a consensus amongst British economists to attribute the country’s technological leadership to its advantage in skills.\footnote{Alfred Marshall in his \textit{Industry and Trade} (1919, p. 62) asserted that “The English inventor ... could afford to sink capital in experiments more easily that they [Germans and Frenchmen] could. For he had access to a great variety of highly skilled artisans, with a growing stock of engines... every experiment cost him less, and it was executed more quickly and far more truly than it could have been anywhere else.”} But is there systematic evidence to back up contemporary observations?

One piece of evidence that suggests that Britain collected some kind of rent from her higher level of skills is that the mercantilist policy makers of the eighteenth century felt that the exportation of machinery and the emigration of skilled artisans endangered these rents. The laws that prohibited the emigration of artisans and the exportation of machinery were first passed in 1696, and repeatedly amended in the eighteenth century. They remained on the books till the mid 1820s, although enforcement was at best spotty (1977). The illegal export of machinery, for instance, was almost impossible to prevent; after all customs officers lacked the technical expertise and the staff to inspect large cargoes (Jeremy, 1981, p. 41). By the early nineteenth century the laws against machinery exportation were weakened and after 1815 barely enforced at all. All the same, they reflect a clear-cut view of what advantage Britain enjoyed in comparison with its main competitors. This view was shared by Continental nations, who throughout the period sent a variety of industrial spies to Britain to try to transfer its expertise to the Continent (Harris, 1998).

Decisive evidence on the relative quality of English workers comes from the direction of labor migration. If the expensive English labour hypothesis were true, we would expect the flow to have been from France to England, in the form of Continental workers taking advantage of higher English wages. In fact, the flow was in the opposite direction, and composed of English and Scottish skilled artisans. Interestingly, this flow of artisans to France precedes the Industrial Revolution,
implying that the advantage that England enjoyed in the area of technical competence predated its technological achievements. Thus, for instance, John Holker, an English mechanic and political refugee in France, set up a textile manufacturing plant in 1752 and, despite the risks as a Jacobite refugee, returned to recruit many of his skilled workers in Britain. By 1754 he employed twenty English artisans who were allocated among French workers so that skills could be disseminated in the most effective fashion (Henderson, 1954, p. 16; Harris, 1998, p. 60). The Industrial Revolution strengthened this connection and, after 1815, a large number of British technicians found their way to the Continent, where they installed, maintained, and managed new equipment and instructed local workers how to use it. Such an advantage was to some extent fleeting: as a French memorandum of the late 1780s pointed out, when English experts and workmen had come over in recent times, the French soon became keen to emulate them in the machine and hand tools they used (Harris, 1998, p. 413). As Robert Fox has observed (1984, p. 142–3), the French learned quickly, and as soon as local workmen had acquired the basic skills, the senior British operative became more of a rarity. But the technology itself was changing rapidly, and the flow of emigrants had to continue until deep into the nineteenth century to work with more recent vintages of machinery.

How big were these flows? The laws prohibiting emigration resulted in a Parliamentary investigation, which has yielded a rich if largely anecdotal and impressionistic body of evidence supporting the size of the flow due to the higher quality of British labor. A Mr. Alexander testifying in estimated that in the years 1822 and 1823 alone, 16,000 artisans moved from England to France (Great Britain, 1824, p. 108). This figure seems exaggerated; a year later an engineer named Alexander Galloway estimated the stock of English workers in France at 15,000-20,000 workers (Great Britain, 1825, pp. 37, 43). In 1830, a report cited the number of English living in France at 35,695 of whom 6,680 were “mechanics” (Society for the Diffusion of Useful Knowledge, 1830, p. 217). Allowing for other skilled workers, this estimate seems to be in the right order of magnitude. Why they were there was quite clear: they were paid more. Thus it was maintained that an English

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12In 1841 a witness testified that in Liège Mr Cockerill, who had 2,000 men in his employ, “many of them Scotch and English” (Great Britain, 1841, p. 20). Another 1841 witness reiterated that if five workmen were employed under identical circumstances in England and France, the English workers would do more work; the labor in England being more productive than in any other country (ibid., pp. 27–28). Even in Belgium, where the quality of artisans was widely regarded as high, British engineers who worked there assured the members of the committee that “our artisans are a great deal superior than those in Belgium” (ibid., p. 53).
engineer, turner, or iron founder, working in France, will make twice as much as a French one. “The English workmen, from their better methods, do more work and better than the French...and though their wages are higher, yet their work does not cost more money in France than when done by Frenchmen, though their wages are lower” (Great Britain, 1824, p. 106).\textsuperscript{13} The great inventor and mechanical genius Bryan Donkin noted that a worker in the paper industry who might have made 18-20 shillings a week in Britain, was hired at 50 shillings in France. Galloway felt that a person of similar qualifications would make 22 shillings in Paris and 36 shillings in London — but then added that English workmen in Paris would make twice what the locals would make (2 guineas), indicating the difference in the perceived quality of the workmen (Great Britain, 1824, p. 24). John Martineau testified similarly (ibid., p. 7) that a French blacksmith would make in France 4 francs a day, while an English smith in Paris would make 10–11 francs. Clearly, the much higher wages secured by skilled British workmen on the Continent is a reflection of the different scarcities. Another witness who had spent time working in Alsace recounted that the British machine-maker Job Dixon had to send to England for experts to set up the spinning machinery he had made. “Our spinners,” he added, will do as much in six hours as theirs in twelve (ibid., p. 580).\textsuperscript{14}

Early Continental adoption of the new techniques needed British skilled workmen in its early stages. Philip Taylor, an engineer, pointed out that in Wurzburg, establishment of manufacturing ran into great difficulties, because “things that would have come to the hands of workmen in this country instantly, were with great difficulty obtained” (p. 34). In 1841, Grenville Withers, an engineer residing in Liège, testified that he had some self-actors at Verviers made by Sharpe and Roberts, the best he could find, and installed the same way as in Manchester, yet productivity was only two-thirds what he could get in Manchester (Great Britain, 1841, p. 80). Clearly, the superior quality of English artisans, the complementarity of skilled workmen and machinery made or designed in Britain, and

\textsuperscript{13}Similarly, a British engineer working in Belgium recounted in 1841 that he had hired an Englishman at 12 francs 50 cents, and a Belgian at 7-8 francs “and the 12.50 man was a great deal the cheapest” (Great Britain, 1841, p. 53).

\textsuperscript{14}These numbers, of course, are anything but hard — the same witness (Adam Young) testified a few minutes later that “with one Englishmen I could have done more than with those eight Frenchmen.”
the need to teach local workers, implied continuing migration of skilled workmen.\textsuperscript{15} The higher competence of British workers is confirmed by the reverse flow of trained Continental engineers who came to study with or spy on British engineers. Among the many Germans who came to Britain to acquire technical expertise, we can mention Wilhem von Reden, sent to study British coal mining techniques in 1776; Johann Gottfried Brügelmann who traveled to study Arkwright’s famous Cromford mill in 1794, before setting up his own mill near Düsseldorf; F.A.J. Egells, a Westphalian locksmith sent by the Prussian government to England in 1819 to study machinery engineering; Jacob Mayer, who worked for a time at Sheffield before opening a cast-steel mill near Cologne, and quite a few others (Henderson, 1954, ch. IV).

\textbf{A cross-sectional analysis}

Wages differed not just between England and France; they also differed significantly \textit{within} both countries. However, the gaps between wages in the regions of France were much greater (Chanut et al. 1995). Yvonne Crébouw’s analysis of official surveys conducted in the 1790s and 1800s suggests that interregional wage gaps across France were then considerable.\textsuperscript{16} While in the départements of Eure or Seine-Inférieure in c. 1790 a worker might have earned enough to buy a quintal of wheat in what he or she earned in 6 to 6.5 days, in the Breton départements of Morbihan or Ile-et-Vilaine it would have taken double that (Crébouw 1986, p. 740). In 1840, when data by département become available, agricultural wages in Breton départements were only sixty per cent the national average, whereas in the départements surrounding Paris they were one-quarter above the national average. Such gaps exceeded those found in industrializing Britain (Chanut et al. 1995; Hunt 1986, pp. 965-66).

The internal variation within France and the availability of data by département is available

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\textsuperscript{15}Withers attributed this difference to the comparative lack of dexterity among Belgian workmen, and their “nonchalance” and claimed that “as you place Belgian workers with English workers, they need the supervision — as soon as the British workers leave, the local workers fall back on their old ways.”

\textsuperscript{16}The impression gained from uncertain data, not always easily to interpret, is of two Frances: one of low wages and payments in kind in the northwest, south, and southwest, and another of middling or high wages in the north (dominated by Paris and the Normandy region), and even the centre... The north — with its combination of high wages, steady employment, and low grain prices — seems clearly privileged (Crébouw 1986: 733-39; our translation).
can be utilized to test our hypothesis. Some of George Grantham’s estimates are summarized in Tables 3A and 3B. They show that, calculated in terms of man-days per hectare, labor productivity in c. 1800 was highest in the Champagne, Lorraine, and Nord regions and lowest in Brittany and the West. One would expect workers in the former regions to have been taller and more productive than in the latter areas. Were they?

<table>
<thead>
<tr>
<th>Region</th>
<th>Pre-harvest (light)</th>
<th>Pre-harvest (stiff)</th>
<th>Manuring</th>
<th>Harvest</th>
<th>Threshing</th>
<th>Total (light)</th>
<th>Total (stiff)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paris</td>
<td>24.7</td>
<td>13.6</td>
<td>7.4</td>
<td>12.9</td>
<td>13.5</td>
<td>58.5</td>
<td>47.4</td>
</tr>
<tr>
<td>West</td>
<td>31.5</td>
<td>18.0</td>
<td>3.5</td>
<td>14.0</td>
<td>12.5</td>
<td>61.5</td>
<td>48</td>
</tr>
<tr>
<td>Bretagne</td>
<td>33.5</td>
<td>20.0</td>
<td>4.7</td>
<td>16.3</td>
<td>15.0</td>
<td>69.5</td>
<td>56</td>
</tr>
<tr>
<td>Berry</td>
<td>32.0</td>
<td>18.5</td>
<td>3.0</td>
<td>13.8</td>
<td>11.25</td>
<td>60.05</td>
<td>46.55</td>
</tr>
<tr>
<td>Champagne</td>
<td>17.5</td>
<td>10.0</td>
<td>4.0</td>
<td>13.0</td>
<td>9.0</td>
<td>43.5</td>
<td>36</td>
</tr>
<tr>
<td>Lorraine</td>
<td>18.5</td>
<td>10.5</td>
<td>4.0</td>
<td>13.0</td>
<td>9.0</td>
<td>44.5</td>
<td>36.5</td>
</tr>
<tr>
<td>Nord</td>
<td>11.9</td>
<td>7.1</td>
<td>9.0</td>
<td>9.3</td>
<td>15.3</td>
<td>45.5</td>
<td>40.7</td>
</tr>
</tbody>
</table>

Note: Threshing costs estimated by multiplying yield by man-days per hectolitre

<table>
<thead>
<tr>
<th>Region</th>
<th>Cost per hectare</th>
<th>Cost per hectolitre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paris</td>
<td>58.5</td>
<td>3.01</td>
</tr>
<tr>
<td>West</td>
<td>61.5</td>
<td>3.01</td>
</tr>
<tr>
<td>Brittany</td>
<td>69.5</td>
<td>3.01</td>
</tr>
<tr>
<td>Berry</td>
<td>60.05</td>
<td>3.01</td>
</tr>
<tr>
<td>Champagne</td>
<td>43.5</td>
<td>3.01</td>
</tr>
<tr>
<td>Lorraine</td>
<td>44.5</td>
<td>3.01</td>
</tr>
<tr>
<td>North</td>
<td>45.5</td>
<td>3.01</td>
</tr>
</tbody>
</table>

Source: Table 3(a); Grantham 1993: 483

Data by département on the average height of conscripts recruited between 1819 and 1826 are provided by Jean-Paul Aron et al. (1972, pp. 92-93). We can use these to look at the connection between height and wages, though of course the complex causal relation between the two cannot be identified. Still, the strong correlation between the two suggests that British high wages should not be seen as the cause of high labor costs, because high wages were overall associated with high labor productivity.
Table 4: Correlations between height and measures of labour productivity (seven farming regions)

<table>
<thead>
<tr>
<th></th>
<th>Average height</th>
<th>Percentage ‘small’</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Light</td>
<td>Stiff</td>
</tr>
<tr>
<td>Pre-harvest</td>
<td>-.846</td>
<td>-.812</td>
</tr>
<tr>
<td>Hectare</td>
<td>-.780</td>
<td>-.732</td>
</tr>
<tr>
<td>Hectolitre</td>
<td>-.851</td>
<td>-.885</td>
</tr>
</tbody>
</table>

Sources: Grantham 1993; Aron et al. 1972: 86-87, 92-93.

More detailed departmental data on France in the mid nineteenth century indicate a strong correlation between height (and other measures of physical well-being) and productivity or wage. As Table 4 shows, estimates relating wages and agricultural productivity (measured as wheat yield per ha divided by man days per ha.) in 1852 show that the two are not only highly correlated but that they are by and large determined by the same variables: both are clearly positively influence by factors determining physical well being and by literacy. Urbanization, which is a proxy for Allen’s argument about high wages in Britain is also a factor (as would be expected), but the standard human quality still affect wages and productivity holding urbanization constant. We include the only variable found in the data that is related to nutrition, namely “goitre” – the percentage soldiers rejected from military service because they suffered from goitre, caused by iodine deficiency. Iodine deficiency is also associated with reduced mental capability.\(^{17}\)

Similar data for Britain for the nineteenth century are harder to come by, but the little there is confirms our hypothesis that there is a positive association between high wages and some measure of labor quality. One measure of human capital that seems to have withstood the test of time is an index of age-heaping, which tends to be higher among less numerate and educated populations. In the table below we produce some cross-sectional results for England at the county level. As our dependent variable we use the wage level at the county level as reported by Hunt (1986), though these are agricultural wages. The independent variables are a variety of measures of “human quality.” They include the literacy rate by county adapted from convict data (Nicholas and Nicholas, 1992, p. 11) and two measures of nineteenth century age-heaping (Whipple indexes).\(^{18}\) We also utilize the data on the “quality of diet” developed recently by Sara Horrell and Deborah Oxley (2012) and British army height data using the standard source based on the work of Floud, Kenneth Wachter and Annabelle Gregory. All those data are flawed to some extent, yet they are consistent with the hypothesis that wages were associated with a higher “quality” of the average worker (although it is impossible to disentangle the exact causal relation with the data at hand). The results for the 1760 wage data are obviously weak, with both the height and the nutrition variables having the wrong signs. For the 1790 and 1840 wages, the signs are more reasonable and perhaps most encouragingly, the wages are thoroughly negatively correlated with the degree of age-heaping (which reflects to

\(^{17}\)”Iodine deficiency: way to go yet”, *The Lancet*, 372, no. 9633 (July 2008), p. 88 [http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(08)61009-0/fulltext]. Feyrer, Politi and W eil (2013) have found that adding iodine to cooking salt adds significantly to measured IQ and may well be responsible for a considerable part of the secular rise in IQ known as the Flynn effect.

\(^{18}\)Based on data generously provided to us by Joachim Voth (see Baten, Crayen and Voth, 2012 for details.)
some degree numeracy education and to some degree innate cognitive ability). All in all, the county-level regressions need more work, and in particular a better measure of the dependent variable.

Table 4: Regressing 1852 wages in France on measures of labor quality. (t-stats in parentheses)

<table>
<thead>
<tr>
<th>dependent variable</th>
<th>Wage, 1852</th>
<th>Wage, 1852</th>
<th>Wage, 1852</th>
<th>Wage, 1852</th>
<th>Wage, 1852</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-20.39 (-5.32)</td>
<td>111.7 (12.83)</td>
<td>-1.316.5 (-2.45)</td>
<td>-1.445.0 (-3.76)</td>
<td>102.3 (13.02)</td>
</tr>
<tr>
<td>Height</td>
<td>1.322.2 (5.73)</td>
<td>873.1 2.65</td>
<td>954.2 (4.11)</td>
<td>.880 (3.96)</td>
<td>.932 (4.63)</td>
</tr>
<tr>
<td>Literacy</td>
<td>.867 (5.41)</td>
<td>.438 (1.96)</td>
<td>.799 (5.34)</td>
<td>.880 (3.96)</td>
<td>.932 (4.63)</td>
</tr>
<tr>
<td>urban</td>
<td>.867 (5.41)</td>
<td>.438 (1.96)</td>
<td>.799 (5.34)</td>
<td>.880 (3.96)</td>
<td>.932 (4.63)</td>
</tr>
<tr>
<td>goitre</td>
<td>-6.418 (-2.24)</td>
<td>-6.418 (-2.24)</td>
<td>-6.418 (-2.24)</td>
<td>-6.418 (-2.24)</td>
<td>-6.418 (-2.24)</td>
</tr>
<tr>
<td>n</td>
<td>86</td>
<td>85</td>
<td>85</td>
<td>86</td>
<td>81</td>
</tr>
<tr>
<td>adjusted $R^2$</td>
<td>0.272</td>
<td>0.252</td>
<td>0.303</td>
<td>0.38</td>
<td>0.455</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>dependent variable</th>
<th>agricultural productivity 1852</th>
<th>agricultural productivity 1852</th>
<th>agricultural productivity 1852</th>
<th>agricultural productivity 1852</th>
<th>agricultural productivity 1852</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-10.72 (-5.49)</td>
<td>.241 (5.85)</td>
<td>-3.99 (-1.53)</td>
<td>-10.12 (-4.76)</td>
<td>.233 (5.55)</td>
</tr>
<tr>
<td>Height</td>
<td>6.76 (5.75)</td>
<td>2.59 (1.62)</td>
<td>6.39 (4.97)</td>
<td>.00088 (0.72)</td>
<td>-.0348 (-2.40)</td>
</tr>
<tr>
<td>Literacy</td>
<td>.0052 (6.88)</td>
<td>.00395 (3.63)</td>
<td>.00546 (6.84)</td>
<td>.00088 (0.72)</td>
<td>-.0348 (-2.40)</td>
</tr>
<tr>
<td>urban</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>goitre</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>n</td>
<td>86</td>
<td>85</td>
<td>85</td>
<td>86</td>
<td>81</td>
</tr>
<tr>
<td>adjusted $R^2$</td>
<td>0.274</td>
<td>0.356</td>
<td>0.368</td>
<td>0.27</td>
<td>0.453</td>
</tr>
</tbody>
</table>
Table 5: cross sectional correlations, England (s.e.’s in parentheses)

<table>
<thead>
<tr>
<th></th>
<th>wage 1760</th>
<th>wage 1790</th>
<th>wage 1840</th>
</tr>
</thead>
<tbody>
<tr>
<td>Height</td>
<td>-3.78(^a)</td>
<td>6.92(^a)</td>
<td>6.48(^b)</td>
</tr>
<tr>
<td></td>
<td>(4.02)</td>
<td>(5.07)</td>
<td>(5.56)</td>
</tr>
<tr>
<td>Nutrition</td>
<td>-2.72(^c)</td>
<td>1.71(^c)</td>
<td>1.41(^d)</td>
</tr>
<tr>
<td></td>
<td>(.903)</td>
<td>(1.14)</td>
<td>(1.36)</td>
</tr>
<tr>
<td>Whipple</td>
<td>-0.966(^)</td>
<td>-.669(^)</td>
<td>-1.59(^)</td>
</tr>
<tr>
<td></td>
<td>(.41)</td>
<td>(.514)</td>
<td>(.58)</td>
</tr>
<tr>
<td>Literacy</td>
<td>-0.05(^)</td>
<td>0.13(^)</td>
<td>-0.05(^)</td>
</tr>
<tr>
<td></td>
<td>(.20)</td>
<td>(.25)</td>
<td>(.27)</td>
</tr>
<tr>
<td>constant</td>
<td>472(^)</td>
<td>-295(^)</td>
<td>-149(^)</td>
</tr>
<tr>
<td></td>
<td>(276)</td>
<td>(348)</td>
<td>(402)</td>
</tr>
<tr>
<td>n</td>
<td>35</td>
<td>35</td>
<td>37</td>
</tr>
<tr>
<td>R(^2)</td>
<td>.42</td>
<td>.30</td>
<td>.25</td>
</tr>
</tbody>
</table>

a 1788-1805 average
b 1824-44 average
c 1797
d 1834

The sources of Britain’s high quality labor

Yet the account above may not solve the problem of British precocity as much as push it back. We need to know more about the “deeper” sources of British higher labor productivity before the Industrial Revolution. We must separate the underlying causes of better nutrition, leading to better health, strength and cognitive ability, and those institutions that created the highly skilled artisans. Better nutrition in Britain was surely the result of its higher agricultural productivity, which has been abundantly documented. The debate today is between those who believe that there was an agricultural revolution in the eighteenth century (such as Mark Overton), and those who maintain that British agriculture was already quite advanced and productive before 1700 (including Robert Allen). For the purposes of our argument this matters little, since all we need is that British agriculture was
The calculation is as follows: for France, c. 1785: (Fogel 2004: 9) estimates a consumption of 1,848 Kcals per head. The agricultural labor force is estimated at 61.1 percent of the population (Broadberry 2011: Table 8). These numbers imply an output of roughly 3,020 Kcals per agricultural worker per day. For Britain the calculation is for c. 1750. Kelly and Ó Gráda (2013) estimate British caloric intake per capita at Kcals per head at 3,150 kcals, which, with an agricultural labor force participation at 36.8 percent (Broadberry, 2011), implies an output of 8,560 Kcals per worker, a productivity gap of 2.83:1. A highly productive agriculture was supplemented by its ability to import food, not just Baltic grains in time of harvest failure, but also a substantial amount of pork from Ireland (Thomas, 1985).

Moreover, access to food in Britain was more equally distributed than in other countries. Whether income distribution in Britain was indeed less unequal on the eve of the Industrial Revolution, it is clear that it had one institution in place that made sure that the worst dangers of malnutrition would be cushioned: the English Poor Law, a unique institution in preindustrial European economic history. The possibility that the Poor Law had a salubrious effect on the Industrial Revolution was already suggested by Solar (1995). More recent work (Kelly and Ó Gráda, 2012; Greif and Iyigun, 2013) through a number of mechanisms, have expanded on this suggestion. They suggest, among others, that the Poor Law weakened the Malthusian mechanisms, reduced population growth and diminished rural unrest. The dimension we are adding here is straightforward: the Poor Law helped create a higher quality labor force by making food more accessible to those who needed it most. Economic logic suggests that a small reduction in the inequality of income distribution would reduce inequality of access to food more than proportionally. Moreover, the Poor Law provided a modicum of education and training even to lads whose parents could not afford the often steep fees for apprentices through parish (or pauper) apprenticeships. While in the past pauper apprenticeship has been regarded as exploitative, recent research as taken a somewhat more favorable view of the institution (Humphries, 2010, pp. 295-304). While it rarely provided a very thorough training on the order of private apprenticeship, it provided in many cases a pathway toward useful employment.

Access to food and the Poor Law may have shifted the entire distribution of labor quality to the right, but cannot explain the unusual quality of the British skilled artisans. The main source of English high level of technical competence lay in its system of professional training through apprenticeship: in 1700 over a quarter of males aged 21 had completed an apprenticeship (Mokyr, 2009, 118). As noted earlier, the English school system was not impressive by contemporary standards. However, the decisive group during the Industrial Revolution was artisans, and nearly all artisans were trained as apprentices by other artisans. The question is why the English system of apprenticeship worked better than elsewhere.

[19]The calculation is as follows: for France, c. 1785: (Fogel 2004: 9) estimates a consumption of 1,848 Kcals per head. The agricultural labor force is estimated at 61.1 percent of the population (Broadberry 2011: Table 8). These numbers imply an output of roughly 3,020 Kcals per agricultural worker per day. For Britain the calculation is for c. 1750. Kelly and Ó Gráda (2013) estimate British caloric intake per capita at Kcals per head at 3,150 kcals, which, with an agricultural labor force participation at 36.8 percent (Broadberry, 2011), implies an output of 8,560 Kcals per worker, a productivity gap of 2.83:1. The actual food supply gap is much smaller, as England had proportionally 40 percent fewer workers in agriculture.
The importance of a successful system in which artisanal skills were transmitted and acquired cannot be overrated. We should keep in mind that much of useful knowledge imparted on young lads was *tacit* knowledge, that could not be obtained from textbooks or encyclopedias. This was especially true for the coal-using industry such as iron, where experience and what John R. Harris (1992, p. 33) called “unanalyzable pieces of expertise” and “the knacks of the trade” were especially important. But basically apprenticeship was at the core of human capital formation before the Industrial Revolution everywhere. Not all apprenticeships were the same, given that we deal with an institution that survived for centuries in many countries and trades. In some cases apprentices would live with their masters, becoming part of the household and were committed to obey and respect him like a father. The training would be more than technical aptitude, it involved the many mysteries and “secrets” of the trade (Farr, 2000, p. 34). The training took place through “observation, imitation and practice” over many years, during which acquiring human capital and providing labor services were jointly carried out (Wallis, 2008, p. 849). For a variety of reasons the institution of apprenticeship functioned better in Britain than elsewhere. It did so despite being largely an informal institution, that is, with little third party enforcement, although it operated “in the shadow of the law” and there was at least the possibility of going to court if all else failed, though such cases were rare.

In her work on childhood labor and training, Humphries (2003; 2010, 282–283) stresses that, unlike across much of the Continent, apprenticeship in England was not normally enforced and monitored by a guild with coercive powers. Instead, it was largely a self-enforcing institution in a repeated-interaction framework, relying on the capability of local networks based on kin, religion, and personal connections to create reputation effects that made the majority of both masters and pupils cooperate at a reasonable level even when the contracts themselves were less than complete. This is especially true for the mechanical engineering profession, which, together with clock- and instrument makers, millwrights, ironmongers, and colliers, provided a great deal of the inventive and technical competence of the British Industrial Revolution. In mechanical engineering, as Christine MacLeod and Alessandro Nuvolari (2009) have shown, would-be apprentices selected from a small number of closely connected firms for their training.

The 1563 Statute that formally prohibited craftsmen to carry out their trade without completing their apprenticeship was not uniformly enforced, and after its final repeal in 1814, apprenticeship remained the main form for boys to acquire a professional training. Moreover, an examination of a large sample of indentures (formal contracts between masters and apprentices) reveals a substantial increase in the number of apprentices in mechanical and machine-related occupations in the early stages of the Industrial Revolution (Van der Beek, 2010). This system of producing human capital was effective and adaptive and worked well as long as the importance of formal schooling remained limited. It remained largely a private order institution, very much part of a British institutional structure that stood at the center of its success in the early stages of the Industrial Revolution. This institutional structure represented a “civil economy,” one in which cooperative arrangements between individuals based on shared cultural norms and reputation mechanisms led to outcomes that elsewhere required direct state intervention. Beside the apprenticeship system, eighteenth-century Britain took advantage of close networking among

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20The traditional, negative view of European guilds is disputed by Epstein (1998) but defended by Ogilvie (2008).
Given this system, most of Britain’s skilled workers were hardly intellectuals, and even some of its most accomplished engineers and inventors often regretted their lack of formal education. James Watt, famously, was educated at a good grammar school but never had a formal education beyond that (though he networked with some of the best scientists at Glasgow University). John Smeaton, Watt’s rival for the position of the best engineer of the age, was also largely self-taught in the art of what was known at the time as “philosophical instruments,” though he, too, cultivated friendships and correspondences with people from whom he felt he could learn (Skempton, 2002, p. 619). To be sure, Smeaton made a number of important scientific contributions. George Stephenson was entirely self-trained in engineering skills and learned to read and write at age eighteen. His equally accomplished contemporary, Richard Roberts (inventor of the self-acting mule, among others), was in the understated description of one authority, “more interested in making things than learning about them” (Hills, 2002, p. 9). The kind of brilliant tinkerer with little formal education but with excellent mechanical intuition, good hands, and a quick mind did not dominate the technological stage for long, but while it lasted, he goes a long way towards explaining Britain’s precocity.


Great Britain, *B.P.P.* 1824. Vol. 5 , No. 51 (“First report from Select Committee on Artizans and Machinery”).


