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| Tutorial 10(Week starting on 23-may-2022) |

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| **Objectives**   * Keep studying the possible causes of the Industrial Revolution   **Working materials**   * **Allen, R. C. [2009]** “The Industrial Revolution in Miniature: The Spinning Jenny in Britain, France, and India” *The Journal of Economic History,* Vol. 69, No. 4, 901-927. * **Excel** * You will need the **database** “Datos ejercitación 10” which can be found on the virtual campus. |

**Exercise guide**

The exercises marked with an asterisk (\*) are compulsory and must be submitted by email **before 12.00 on Wednesday 1st June**. [[1]](#footnote-1) To the mark obtained on the evaluation of this assignment,**0.05 points will be subtracted for each minute late**. Consult the course program with regards to the formalities of the presentation.

1. (\*) Explain in a few words what is the question that Allen's article [2009] tries to answer and in what way it attempts to do it. What are the main results?
2. What are three possible theories about why the Industrial Revolution happened in England according to Allen [2009]? What is the theory he proposes? Elaborate.
3. What are the reasons for the high British wages mentioned by Allen [2009]? In what sense were they higher than French wages?
4. (\*) What information is presented in Figure 2? What conclusion does the author draw from this graph?
5. (\*) Replicate Table 1 of the paper. Explain what information is shown. What does the author conclude from this table?
6. The underlying question Allen seeks to answer is why the industrial revolution and why it happened in Britain and only afterwards extended into continental Europe. To do this he focuses on one of the “gadgets” that swept the country (the spinning jenny) so as to study why adoption of this industrial and capital-intensive techniques, was a predominantly British phenomenon. His main results point to the jenny (and by extension, other machines that made up the industrial revolution) being more profitable in Britain given its high-wage structure, as opposed to France’s and India’s, where the cost of labour was much lower relative to capital investments.
7. Allen mentions the political structure, which focuses on aspects of constitutionalism and the protection of institutions of private property rights. Cultural inventiveness, such as Weber proposed in The Protestant Ethic, which explains European growth through a cultural milieu of dedication to work that was not as present in other cultures. He mentions, too, the case of the enlightenment as an intellectual movement influencing deeply enough people’s attitudes so as to prompt a direction of efforts towards useful scientific research. He says these don’t account for them being present in other countries apart from Britain and his theory for Britain’s exceptional lead looks at it with a cost-benefit frame where Britain found more benefit in capital investment when the cost of the alternative factor, was high enough to justify, which was not the case anywhere else, he concludes.
8. England had higher wages than France, and in general, because, according to Allen, they were a more advanced economy where demand for labour was higher. This meant larger enterprises in large urban centers with deepened specialization, both of which didn’t develop as much elsewhere. Also, coal was an important factor, because the expanded industry created cheap labour, and this created even more demand for labour. Agriculture was more productive in Britain, and it was accompanied by the wave of gadgets, that is, labour-saving inventions, were sprouting across the country. They were higher at the exchange rate, so simply converting the wage in currency returns a higher value, while also being high measuring purchasing power, since even though French wages were lower, that lower earning was not offset by lower prices, instead the French were “76 percent less at their ease” than the English.

4. Figure 2 shows labour costs relative to capital costs, and there we can see that since in Britain the cost of labour was higher, and rising during the 19th century, making the cost of capital relatively smaller than in France or India where the coefficient is smaller and that tells us capital investment was not as profitable as continuing with the use of cheap labour.

5. Here we see an estimation of returns on investment from incorporating the spinning jenny for England and for France. Here we note France could generate losses in some scenarios, while in the likeliest scenario, according to Allen, England achieved a RoI of about 40%. Thus, it points to France finding the necessary capital investments for an industrial revolution to be unprofitable.

1. Check the course’s syllabus on presentation [↑](#footnote-ref-1)