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# Anonymity, Efficiency Wages and Technological Progress\*

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## Abstract

Although the Industrial Revolution is often characterized as the culmination of a process of commercialisation, the precise nature of such a link remains unclear. This paper provides an analysis of one such link: the role of commercialisation in raising wages as impersonal labour market transactions replace personalized customary relations. In the presence of an aggregate capital externality, we show that the resulting shift in relative factor prices will, under certain conditions, lead to higher capital-intensity in the production technology and hence, a faster rate of technological progress. We provide historical evidence using European data to show that England was among the most urbanized and the highest wage countries at the onset of the Industrial Revolution. The model highlights the effects of changes in the availability of information, typical of a modernizing country, on efficiency wages and technological progress.

**JEL classification:** N13, O14, O43

**Keywords:** *Commercialisation, Industrial Revolution, Anonymity, Efficiency Wages, Learning by Doing.*

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