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| Tutorial 7(Week starting on 2-may-2022) |

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| **Objectives**   * Analyze the concept of the Great Divergence * Study the concept of Welfare Ratio * Begin to get used to R   **Working materials**   * **Allen R. C. [2001]** “The Great Divergence in European Wages and Prices from the Middle Ages to the First World War” *Explorations in Economic History.* 38, 411-447 * **R** and **RStudio** * You will need the file “Ejercitacion 7 HE.R” * You will need the **database** "DatosEjercitacion7.csv" which can be found on the virtual campus[[1]](#footnote-1). |

**Exercise guide**

The exercises marked with an asterisk (\*) are compulsory and must be submitted by email **before 12.00 on Wednesday 11th May**. [[2]](#footnote-2) 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 [2001] tries to answer and in what way he tries to answer it. What are the main results?
2. What are the three main limitations Allen finds when collecting wage data? What is a Welfare Ratio?
3. What is the Laspeyres index and why does Allen prefer it to the geometric index when calculating the price index?
4. According to the author, at which point does the real wage rise sharply for large portions of the population in England? What reasons does he give for why it did not happen earlier and why did it happen at that time?
5. In RStudio open the file "Exercise 7 HE.R". Together we will solve every activity in this code. The data are based on the work of Allen [2001].
6. (\*) The following questions should be answered using RStudio and you should submit an R script file with the code you used (it should be runnable and not broken) and your answers in pdf. Using the database "Exercise Data 7" answer:
   1. How many columns does the base have? How many rows?
   2. What is the average wage for each city during the whole period?
   3. What is the minimum wage for Krakow during the whole period?
   4. What is the maximum wage for Antwerp over the entire period?
   5. By which percentage did London's wage increase from 1375 to 1825?
   6. Replicate the following graph using commands from the website <https://sites.harding.edu/fmccown/r/>
7. The question he is trying to answer is how real wages changed throughout the history of Europe. He compares salaries and prices in different years and gets an estimate for a basic basket of goods usually consumed by the population and below which people would be considered poor. Using this data, he measures the real salaries of workers as measured by how many baskets one was able to buy. With this information he tries to obtain a welfare ratio got from the ratio of annual income and a poverty line estimated from the basket of basic goods.

6. Answered in the .R file

Imagen que contiene texto, mapa

Descripción generada automáticamente

1. The databases were created from the databases available at: <https://www.nuffield.ox.ac.uk/people/sites/allen-research-pages/> [↑](#footnote-ref-1)
2. Check the course’s syllabus on presentation [↑](#footnote-ref-2)