

Assignment #2

Due: March 3, 2011 in Class

- 1) Find the NBER business cycle dates for the last century
- 2) Locate the official data for GDP, consumption, Investment, Government expenditures, and net exports in Billions of chained (2005) dollars for 1929-2009. Do the components of GDP sum up to figure reported for GDP? Why or why not?
- 3) Locate the Quantity index for Real Gross Domestic Product (base 2005) and the Quantity index for the net capital stock (base 2005). Compute the annual growth rate of the series from 1929-2009.
- 4) Find statistics giving the number of civilians employed in the U.S. economy from 1929-2009. Note this may involve merging data series from different sources.
- 5) Graph the growth rates of real GDP, the real capital stock and the growth of employment from 1929-2009 with the NBER recession dates shaded in. For each of the series report if they are counter-cyclical, pro-cyclical or acyclical.
- 6) Graph the growth rates real consumption, real investment and real output with the NBER recession dates shaded in. Which of the series are acyclical? counter-cyclical? pro-cyclical? Rank the series in terms of their volatility?
- 7) Locate the data for Gross Domestic Income by Type of Income from 1929-2009. Compute the wage share of gross domestic income. What is the definition of labour share used in the computation of the Solow residual? Give the appropriate citation(s) for the journal article(s) you consulted. Compute that share.
- 8) Compute the Solow residual under the assumption that markets are perfectly competitive.