

Problem set #1 – Exploring the Kaldor Facts

Due: Feb. 1st by end of class.

Find data series for the Capital stock, GDP, GDP price deflator, and employment for the U.S., and the U.K. from 1950-current.

- 1) Convert the nominal series to real series and graph the real capital stock and real GDP measures.
- 2) Do they both grow at more or less constant rates? Justify your answer.
- 3) Is the capital to output ratio constant for both countries? Justify your answer.
- 4) Does employment grow at the same rate as the capital stock on average?

Hand in your answers along with a copy of the data you used. Document all sources of data (including electronic ones).

Bonus 1%: Redo the exercise for another OECD country.

Bonus 1%: Create the dataset for an OECD country starting from 1929 or earlier and redo the exercise.