

Macroeconomics, Module 1: “National Income Accounting”

(The attached PDF file has better formatting.)

Homework Assignment: Components of GDP

Choose *one* of Exhibits 2.4, 2.5, or 2.6, which show the components of U.S. GDP for 2005. Using figures from <http://www.bea.gov>, produce a similar exhibit for the most recent year available. Compare the percentages from 2005 in Barro’s exhibits to the most recent year. The changes validate common statements about the U.S. economy: manufacturing is less important each year, and government expenditures keep rising.

Note: You may compare the figures for 2005 on this web site with Barro’s exhibits to be sure you have found the correct numbers. The figures on the web site do not match Barro’s figures exactly. The GDP figures are updated as new information comes in. In addition, the figures depend on the computation basis for GDP. Barro mentions three ways to compute GDP. They give similar but not identical results.

As you read the modules for the macroeconomics course, explore the data sources on the web. Much actuarial work relates insurance statistics to macroeconomic variables. Medical benefits are related to medical inflation, which varies with other economic indices.

Don’t spend extra time to be sure you have the correct figures. The purpose of this homework is to give you practice using government statistics. The exact figures are not important.

Alternative Homework Assignment: Components of GDP – Foreign Country

Form one of Exhibits 2.4, 2.5, and 2.6 for a foreign country. If you live outside the U.S., you may find it more interesting to form a GDP exhibit for your home country, not the U.S. Use the most recent full year for which figures are available (not 2005). Keep the following in mind.

- This exercise is easiest for a country that keeps good government statistics, such as Great Britain or Canada. Non-democratic countries, like Russia or China, do not publish these statistics or give altered numbers. Use the numbers that are available.
- Other countries may not use the same format as the U.S. Use the other country’s format. You may be missing a component that is shown on the U.S. exhibit; that’s okay.
- Some countries do not keep good government statistics for these items. Getting data for Latin American countries or Asian countries can be more difficult. But examining the government data in Asian or Latin American countries is educational.

State the source of your data in your completed homework assignment.

Some candidates taking this on-line course live in Canada. See the attachment for web sites with macroeconomic data for Canada.