

The information you need to fill in the worksheet can be found in the **2010 Economic Report of the President**. Actually, all you need as a data source is an appendix to that report, **Appendix B: Statistical Tables Relating to Income, Employment and Production**. To find this online, go to <http://www.whitehouse.gov/administration/eop/cea/economic-report-of-the-President> (you can find a link by a Google search for 2010 Economic Report of the President). There you will find that you can download the whole report, or just selected parts. To get what you need to fill in the data worksheet, just download Appendix B. Some of the cells in your worksheet can be filled in with numbers from tables in Appendix B. Others you'll calculate, using numbers from Appendix B. (Leave cells on line 5 and 6 for 1972 blank!)

Format: Except for the "Econ 102 Data Worksheet, Spring 2010," your paper should be typed, *double-spaced*, 12 point type, one inch margins, and corner-stapled in the upper left corner. Please, no title page. **Your name should be at the upper right-hand corner of the top page.** Please, no plastic (or other) covers. (You'll actually lose points if you don't follow these format guidelines.)

The "Econ 102 Data Worksheet, Spring 2010" should be the last page of your paper.

Here are the questions you'll need to answer. (Number your typed answers!)

1. Rows 15 – 21 on your data worksheet give the "labor force participation rate." What is this rate? Write its definition.
2. Take a look at what the text says about "the participation rate" on pp.172-3. Then briefly discuss the causes of the change in the civilian labor force participation rate from 1972 to 2007 that is shown on your data worksheet. (To what the text has to say, add the fact that discrimination against women as students and employees was reduced during the 1972 – 2007 period.)
3. The recent "Great Recession" officially began in December, 2007. Your data worksheet shows a decline in real GDP and some or all of its components from 2007 to 2009. Over this period, which components of GDP (by the spending approach, as shown on your data worksheet) were most volatile (or, if you prefer to put it the other way, which were the most stable)?
4. Heidi Shierholz is an economist at the Economic Policy Institute. Her article of September 10, 2009, "New 2008 poverty, income data reveal only tip of the recession iceberg," is available at http://www.epi.org/publications/entry/income_picture_20090910/ Scroll down through the article to the section that begins, "Poverty: Gains from 1990's now lost." In the first paragraph of the section she compares poverty now (in 2008) to poverty in 1968. (And, poverty has increased since 2008!) Her discussion of poverty and the included graphs refer to the poverty line. It is adjusted for inflation, so represents a "real" level of income. Now take a look at Figure 5.3 in the text, and at average earnings, in real (1982) dollars per week, in private nonagricultural industries, including but not limited to manufacturing (from Table B-47 of the 2010 Economic Report of the President). The information may be puzzling. The graph in the book shows a large increase in real GDP per person. Yet this rising tide is not lifting all boats. So where is the money going? It is not going to the fraction of the population that is below the poverty line (or below 200% of the poverty line), or that fraction would be shrinking. And it's not going to weekly wages. But the average has gone up, a lot. According to Thomas Saez, 65% of the real annual income growth during the expansion of the economy from 2002 through 2007 went to the 1% of families with the highest incomes. (To see the source of this, if you like, go to www.econ.berkeley.edu/~saez, download the "Tables and Figures" from his article with Thomas Piketty, "Income Inequality in the United States, 1913-1998," in the *Quarterly Journal of Economics*, 118(1), 2003, 1-39, and select the "Table 1" tab.) So average income is growing, but income for those at the bottom of the income distribution isn't growing, while income of those at the top is rising a lot. So income is becoming much more unequal. Historically there have been periods of growing inequality, and falling inequality. We're in one where it is growing, and where a substantial fraction of the population hasn't had a real improvement in their relatively low income for about four decades. In the discussion of "GDP and the standard of living" in Chapter 5 of our text, neither poverty rates nor inequality are discussed as relevant to a country's standard of living. Pick **one** (poverty rates that don't fall, or inequality that rises) and write a brief argument about why it is or isn't relevant to the standard of living. (By brief I mean, from 100 to 500 words!)