

ECON 1a, Fall 2008, W. Gibson
Alternate Macroeconomic Aggregates

In this optional extra-credit assignment, you will visit www.shadowstats.com, a web site maintained by a private individual in Oakland. Just as a “shadow government” is a group of people organized by a political party in opposition to the party in power, organized for the purpose of announcing the policies that they would pursue if they were in power, John Williams computes alternative or “shadow” statistics that he believes are more accurate than the official figures released by government agents.

Williams’ site contains some free content and some available only by subscription. You can find all you need for this paper without a subscription.

You are to write a paper that is at least two pages in length, typed and signed. Start with a brief description of the site and its maintainer. Then summarize and discuss the alternative statistics that Williams presents in four areas:

1. Consumer Price Index
2. The M3 money supply
3. GDP growth
4. Unemployment

For each of these statistics, discuss at least the following

1. His current figure and the official figure.
2. What he thinks is erroneous, misleading, or deceptive about the official government statistics.
3. Whether his figure suggests that the economy is in better condition or worse condition than the official figure suggests.

You may want to look under “Primers” for more information about each aggregate.

Alternate: If you prefer to focus on one of these aggregates rather than all four and go into more detail, I will accept that. You may want to look under “archives” for more information about the topic of your choice.

Conclude your paper with a comment about whether you think government officials face any incentives to distort the figures they present and whether you find Williams’ statistics credible.

Due date: your paper must be handed to me in class no later than Wed. Dec. 3. Your paper must be your own work and will be judged on standards of English composition in addition to quality of content. The maximum extra credit that you will be awarded is one point (one percent of your final grade).