

Master of Liberal Arts 60643
Economic Controversies
 Homework Assignment #4 (2018)
 DUE: February 27

INSTRUCTIONS: The process of financialization of the US economy started in the 1980s. One of the consequences was that an increasing percentage of profits went to that sector. Using the data below, calculate the ratio of Nonfinancial Corporate Profits to Financial Corporate Profits for 1980-2011:III. Plot this on a graph (over time) and comment on whether or not this seems consistent with the claim that financialization occurred. What one major outlier do you see and why do you suppose that happened? Turn in both the graph and answers to the two questions.

	Nonfinancial Corporate Profits	Financial Corporate Profits
1980	142.0	34
1981	160.3	29.1
1982	132.5	26
1983	156.0	35.5
1984	193.7	34.4
1985	173.5	45.9
1986	156.8	56.8
1987	197.3	61.6
1988	242.0	68.8
1989	226.8	80.2
1990	230.4	92.3
1991	231.7	122.1
1992	255.8	142.7
1993	304.7	133.4
1994	379.5	129.2
1995	413.0	160.1
1996	474.4	167.5
1997	520.9	187.4
1998	476.2	159.5
1999	464.6	189.3
2000	420.4	189.6
2001	323.1	228
2002	339.7	265.2
2003	414.6	311.8
2004	627.8	362.3
2005	926.4	443.6
2006	1079.9	448
2007	994.7	345.5
2008	786.7	122.2
2009	694.1	401.8
2010	903.7	494.7
2011:III	967.9	448.7

Both data series are in billions of dollars (*Economic Report of the President*).