

MASTER OF LIBERAL ARTS 60633
The Role of Capital in the Domestic and International Economy
Homework Assignment #8 (2009)

INSTRUCTIONS: You all know well what gas prices have done in this century! The oil companies claimed this was due to a rise in demand as a result of world growth. Post Keynesian economist Paul Davidson said it was because of speculation in oil futures. Which seems to be more highly correlated with gas prices: world growth or stock market activity? Note that this requires two Harvey tests.

DUE DATE: April 29.

	Gas Prices	World Growth	Deflated S&P
2001	\$1.39	2.5	912
2002	\$1.31	3.1	753
2003	\$1.51	4.0	715
2004	\$1.81	5.3	815
2005	\$2.24	4.8	841
2006	\$2.53	5.4	884
2007	\$2.77	5.2	969
2008	\$3.21	4.8	825

Gas Prices is the average price of one gallon of regular gas in the US (economagic.com).

World Growth is the average rate of real growth of all world economies (ERP).

Deflated S&P is the S&P average in 1991 dollars.