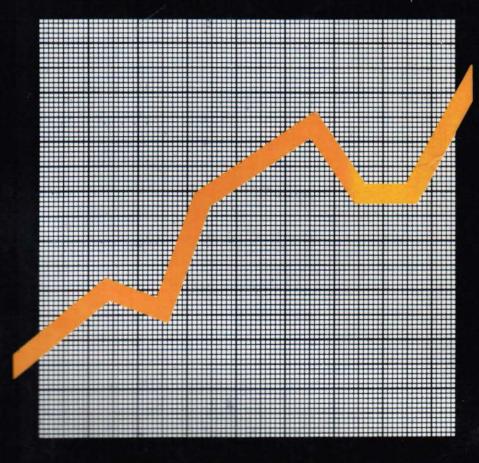
Statistics in Economics



Edited by P. Holmes

for the Statistical Education Project 16-19



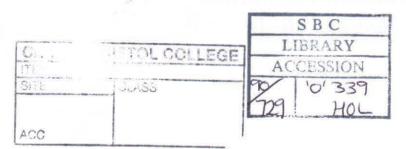
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HODDER AND STOUGHTON LONDON SYDNEY AUCKLAND TORONTO



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Contents

Sta	tistical Education Project 16–19iv	3.	Nati	ional Income and Expenditure	
For	ewordv		3.1 3.2 3.3	Introduction	
Sur	nmary of Statistical Ideas		3.4	Some different definitions of income 24	
Int	roduced and Used vi			Limitations of Gross National Product and Gross Domestic Product 27	
List of Tables				Accuracy of estimates in national income data	
Lis	t of Figures viii		3.7	Allowing for inflation	
		4.	Une	employment	
1.	Consumer Behaviour: Expenditure Patterns		4.1 4.2	Introduction	
	1.1 Introduction		4.3	What cost unemployment?	
	1.2 Household expenditure		4.4	Characteristics of unemployment 39	
	1.3 Household expenditure functions		4.5	Causes of, and ways of dealing with, unemployment	
		Ap	pend	ixes	
2.	Population		1 D	Definitions for Chapter 147	
	2.1 Introduction		2 I	ncome Elasticity of Demand	
	2.2 Population growth		3 P	opulation Census Figures	
	2.3 Causes of population change				
	2.4 Structure of population	No	Notes on the Exercises		
	2.5 Population outside the UK				
	2.6 Further questions for discussion and investigation	Ph	otoco	piable Pages54	

Statistical Education Project 16-19

This project, funded by the Leverhulme Trust, was based in the Department of Probability and Statistics at the University of Sheffield from 1981 to 1984. Its brief fell into two main phases. The first was to conduct a survey of the statistics being used in industry, commerce and government by employees starting work at the age of 19 or so without specialist statistical qualifications and also to carry out an analysis of the statistical content of the many user-subjects at GCE A level and BEC and TEC courses (as they then were). The second phase was to use this background evidence as the basis for producing teaching materials for use in courses to prepare students for work and also to use in specific subjects at A level.

The teaching material in each subject area was the responsibility of a working party consisting of teachers and other experts in that area. All draft materials were tested in schools and colleges and revised in the light of evaluation comments received.

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(September 1981 to August 1984)

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Foreword

The aim of this book is to introduce the statistics needed in current A Level Economics courses. Unlike most such texts it raises the issues in an economic context so that the importance of the statistics for the economist can be seen more easily. Four major areas of economics, that are common to all courses, have been chosen to introduce the statistical ideas. All the data used are from the latest readily available sources so that true emphasis can be given to the economic implications of the statistical analysis. In all cases full details of sources are given so that teachers or students can readily update the data each year. The sources used are all easily accessible either within school and college libraries or local town libraries. They are not, of course, the only contexts in which statistical ideas arise and are useful; the aim is that the student should not only see how they are used in one context but also be able to use them in similar contexts.

The text can be used in many ways. It can be used directly within the economics course when the particular topics (consumer behaviour, population, national income and expenditure, unemployment) are being studied. In this case it includes all the statistical knowledge required and also introduces many of the ideas of economics—though the teacher will want to supplement this with the non-statistical aspects of these topics. An alternative use is with students doing A level or AS level courses in statistics when each chapter can be taken as a case study in the application of particular statistical techniques in economics. In this case the student sees that any successful applied statistician needs to know something about the field of application in drawing sensible conclusions and learns to do this in the economics context.

Through using this text we hope that students will see that a proper use of statistics can give a greater insight into the nature of economics and that the student will become a better economist. Photocopiable pages

Since it is clearly more important that students should spend more time on interpreting the statistics, and working out the economic implications, they should mainly be carrying out statistical calculations and drawing statistical graphs in order to obtain insight into the nature of these processes. To stop time being spent unnecessarily on the mechanics of drawing axes, deciding on suitable scales etc., certain items (mainly half-completed graphs and tables) are reproduced in photocopiable form at the back of the book. Copies of these pages (55 to 64) may be made for use by students within institutions using this book. Photocopiable items are denoted by the symbol P.

P. Holmes 1987

Acknowledgments

Tables and diagrams from Social Trends 1986, Family Expenditure Survey 1984, Annual Abstract of Statistics, UK National Accounts 1985, Department of Employment Gazette and National Accounts Statistics: Sources and Methods are reproduced with the permission of the Controller of Her Majesty's Stationery Office. Data from the 1962, 1974 and 1984 United Nations Demographic Yearbook and the 1984 Yearbook are copyright United Nations and reproduced with their permission. Tables from Population Trends 5, Autumn 1976 (HMSO, 1976) are Crown copyright 1976, from Population Trends 26, Winter 1981 (HMSO, 1981) are Crown copyright 1981, and from Population Trends 43, Spring 1986 (HMSO, 1986) are Crown copyright 1986.

Summary of Statistical Ideas Introduced and Used

Topic Chapter	- 1	2	3	4	Topic Chapte	r 1	2	3	4
Use of Official Statistics	×	×	×	×	Plotting time series	de la	×	×	×
Sources of data	×	×	×	×	Reading time series graphs		×	×	×
Accuracy of published data	×		×		Age distribution		×		
Some difficulties of data collection	×		×		Population pyramids Multiple bar charts		×		
Rounding errors		×			Compound bar charts		×		×
Population censuses		×			Pie charts			×	
Identifying appropriate measures	×		×	×	Describing distributions		×		×
Practical problems in statistical					Percentages	×		×	×
measurement	×		×		Cumulative frequencies	×			
Industrial classification		×			Medians	×			
GNP and GDP			×		Percentiles	×			
The importance of definitions when interpreting data	×		×	×	Mean (average) Birth-rate		×		×
Identifying simple statistical relationships	×	×		×	Death-rate Growth-rate		×		
Simple and more sophisticated modelling			×		Under and over-population		×		
Reading and simplifying tables of data	×	×	×	×	Index numbers General Index of Retail Prices			×	
Representative samples	×				Costing in real terms			×	
Sampling error	×				Outliers				×
Independence			×		Regression				×
Estimates	×	×	×	×	Simple trends	×	×	×	×
Accuracy of estimates	×	×	×	×	Moving averages		×		×
Bar charts	×	×		×	Seasonal adjustments				×
Line graphs	×	×			Semi-average line				×
Histograms	×			×	Least squares line				×
Scatter diagrams	×			×	Making projections Quantifying costs		×		×

List of Tables

1.1	Pattern of household ex	penditure by	household type and
	income level, 1984	-	

- 1.2 Expenditure of households at different levels of income (all households, 1984)
- 1.3 Gross normal weekly income of households, 1984
- 1.4 Expenditure of households at different levels of household income for households with one man, one woman and two children, 1984
- 1.4a Selected expenditure at selected incomes by households of one man, one woman and two children, 1984
- 1.5 % of weekly expenditure on different items by households of different income levels, 1984
- 1.6 % expenditure of households of one man, one woman and two children at different levels of income, 1984
- 1.7 Expenditure on selected foods for selected income levels (all households, 1984)
- 2.1 Population of United Kingdom (thousands). Home population census figures
- 2.2 Population of the United Kingdom (thousands). Resident population: mid-year estimate
- Differences in population between successive intervals of time
- 2.4 Live births and deaths: UK, 1961-84
- 2.5 Immigrants and emigrants: UK, 1966-84
- 2.6 Total change in population: UK, 1966-84
- 2.7 Distribution of total working population of Great Britain (thousands in mid-June, 1980, 1984)
- 2.8 Net migration (persons aged 16 and over) for UK, 1971-84
- 2.9 Three-year moving averages of total net UK migration
- 2.10 World population, 1920-83
- 2.11 Percentage rates of increase of population
- 2.12 International population and vital rates

- 3.1 GNP and GDP at market prices and factor costs, 1974-84 (selected figures)
- 3.2 Gross Domestic Product by category of expenditure, 1974–84 (£ million)
- 3.3 Gross Domestic Product by category of expenditure, 1974–84 (percentages)
- 3.4 Reliability of annual estimates of components of national income
- 3.5 Range of possible value of imports and exports, 1974-84
- 3.6 Examples of prices in 1979 and in 1986
- 3.7 Prices and typical weekly purchases by a particular family in 1979 and 1986
- 3.8 The use of weights and price relatives to calculate an index
- 3.9 Factors to be used to compare monetary values of GDP over the years (1980 = 100)
- 3.10 Expenditure and output at 1980 prices
- 4.1 Rates of unemployment: UK annual averages
- 4.2 UK unemployed (excluding school-leavers), seasonally adjusted
- 4.3 UK unemployed (excluding school-leavers), quarterly figures
- 4.4 D UK unemployed (excluding school-leavers), thousands
- 4.5 UK unemployed claimants: by sex, age and duration, April 1985
- 4.6 Table for calculation of mean duration of unemployment: 16-19 year old males, April 1985
- 4.7 Mean time of unemployment amongst unemployed males: UK, April 1985
- 4.8 Averages and semi-averages for mid-point of age range (years) of Table 4.7
- 4.9 Mean time of unemployment amongst unemployed females: UK, April 1985
- 4.10 Percentage of working population unemployed by regions, 1984

Appendix 3 Population census figures

List of Figures

1.1		Percentage of weekly income spent on food by different types of low-income households, 1984	3.2		A more sophisticated model of the economy	
			3.3		Different definitions of UK income	
1.2		Amount of money spent per week by different types	3.4	P	Gross National Product at Market Prices	
1.3		of low-income households, 1984 Household expenditure by different income levels, 1984	3.5	P	Gross Domestic Product (market prices) by category of expenditure (% for each year)	
1.4		Total household expenditure for different incomes,	3.6		Distribution of expenditure of the Gross Domestic Product (market prices), 1978	
1.5		1984 Gross weekly income by number of households, 1984	3.7		Estimated range of error in proportion of Gross Domestic Product (market prices) taken up by con-	
1.6		Cumulative distribution of household expenditure: all households, 1984	3.8	P	Gross Domestic Product (market prices) 1974–84 at	
2.1		Population of the United Kingdom, 1851-1981		0	constant 1980 prices	
2.2		UK population: mid-year estimates, 1951–84 Optimum population	4.1	P	UK unemployed (excluding school-leavers), seasonally adjusted	
2.4		UK population: 1901, 1931, 1961, and 1981	4.2		UK unemployed (excluding school-leavers), monthly averages per quarter	
2.5	P	Structure of UK employment: 1980, 1984	4.3	P	UK unemployed females (excluding school-leavers),	
2.6 Q	P	16)			monthly averages per quarter	
			4.4		Unemployed by age, sex and duration, 1985	
2.7		UK migration by occupation (persons aged over 16)			Duration of male unemployment showing semi-	
2.8	P	Total net UK migration (persons aged over 16) and three-year moving average	4.5		average line and least squares line for the first five points: UK, April 1985	
2.9		Population of Mexico, 1979	4.6	P	Regional map of UK	
2 1		The flow of income				