

## Handout for January 2020 Newsletter Fiscal Policy in FRED®

### Purpose.

1. Create a plot of the general government net lending/borrowing for the United States, Germany, and Japan.
2. Change the graph's date range to show values since 2001.
3. Describe and discuss patterns in the evolution of budget balances over time.

**Pedagogical Rationale.** This assignment requires that you first search for data and plot them into a graph. Next, you will add other series, change the date range in the graph, and customize the graph by formatting the line style. Lastly, you will describe and discuss patterns in the evolution of the data series. These tasks will develop your proficiency in searching for, transforming, and interpreting data.

**Grading.** Your grade will be determined by (a) how precisely you complete the search and transformation data tasks and (b) how accurately you interpret the data.

### Steps to Search for and Transform the Data.

1. Access <https://fred.stlouisfed.org/> and click on "Browse data by: Release."
2. In the alphabetical list of releases, locate and click on "World Economic Outlook."
3. Select "General government net lending/ borrowing for United States, Percent of GDP, Annual, Not Seasonally Adjusted" (GGNLBAUSA188N) by clicking on the box below the series name.
4. Select "General government net lending/ borrowing for Germany, Percent of GDP, Annual, Not Seasonally Adjusted" (GGNLBADEA188N) by clicking on the box below the series name.
5. Select "General government net lending/ borrowing for Japan, Percent of GDP, Annual, Not Seasonally Adjusted" (GGNLBAJPA188N) by clicking on the box below the series name.
6. Plot the three data series by clicking on "Add to Graph."
7. Change the date range by typing "2001-01-01" as the start date of the graph.
8. Click on the "EDIT GRAPH" orange button and select the "FORMAT" tab.
9. Select "Line style > Dash" and "Width > 3" for "LINE 3: General government net lending/borrowing for United States"

### Writing Prompts. Answer the following questions:

1. In 2001, which country had a balanced general government budget? The U.S., Germany, or Japan? Briefly explain how you arrived at that conclusion.
2. Consider the evolution of the general government net lending/borrowing for the U.S. since 2001. Has the government budget been in deficit, in surplus, or in balance? Briefly explain how you arrived at that conclusion.
3. Compare the general government net lending/borrowing for the U.S., Germany, and Japan before and after the 2008-2009 recession. Did the "Great Recession" permanently change the general government budget balances in those three countries? Briefly explain how you arrived at that conclusion.