



Worksheet 15.1

Macroeconomic Indicators Around the World

Directions: Macroeconomics is an area of study with precise goals attached to it. Macroeconomists generally agree that there are three primary goals towards which policies should be used to try and achieve:

Full employment of the nation's resources, including labor, land and capital.

1. Price level stability, meaning low (generally between 2% and 4%) inflation rates.
2. Economic growth, meaning a year on year increase in the nation's output of goods and services and the average income of the nation's people.

Understanding the indicators used in macroeconomics to measure the success in these three areas is important. In the activity that follows, you will research, define, and explain the various types of inflation, unemployment and economic growth. You will also research and record examples of these indicators from several countries. Finally, you will investigate your OWN country, and determine what precisely makes up the total amount of economic activity in your country.

Part 1: Using your notes and your textbook answer the following questions. Most of the country data you are asked to find can be found in the [CIA World Factbook](#).

Define and explain the various types of each of the following:

1. Define inflation [2 marks]
 - a. Type 1 [1 mark]:
 - b. Type 2 [1 mark]:
 - c. Research and identify the current inflation rates in [3 marks]:
 - i. Switzerland
 - ii. China
 - iii. United States
2. Define unemployment [2 marks]
 - a. Type 1 [1 mark]:
 - b. Type 2 [1 mark]:
 - c. Type 3 [1 mark]:
 - d. Research and identify the current unemployment rates in [3 marks]:
 - i. The UK
 - ii. Germany
 - iii. Spain
3. Define Full Employment and Natural Rate of Unemployment [2 marks]



4. Define economic growth and illustrate the concept of growth using a production possibilities curve [4 marks]

Research and identify the most recent GDP growth rates in

- i. Nigeria
- ii. Greece
- iii. Japan

Part 2:

- Identify the four components of a nation's aggregate demand and briefly explain two factors that affect each of the four components. [10 marks]
- Research and identify the main macroeconomic indicators for *your home country*.
- In class, compare the results of your research to what your classmates found about their home countries. If most of your class is from the same country, compare your results to determine if you found the same figures for each of the four components of Aggregate Demand.
 - From the [CIA World Factbook](#) you should be able to discover your country's main macroeconomic indicators (GDP, GDP per capita, inflation rate).
 - Using the [Eurostat website](#), you can find out what percentage of your country's GDP is made up of government spending.
 - If you are not from a European country, you may have to do a little more investigation to find the percentage of GDP made up of government spending.

Questions:

- Which of the countries you researched appear to be doing the BEST job of meeting their macroeconomic objectives of low unemployment, low inflation and economic growth?
- Which countries appear to be doing the WORST at meeting their macroeconomic objectives?
- Among the countries represented by your classmates, which have the highest GDP growth rates? What do the highest growth countries have in common? What is different about them?
- Which countries have the lowest unemployment rates? What do these countries have in common?
- Is there an observable relationship between the economic growth rate of a country and the unemployment rate? Discuss the possible relationship between economic growth and unemployment?