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| Country A: Economic Data:GDP Growth Rate: 0.2%CPI Inflation: 26%Balance of payments: -9% of GDPUnemployment: 13%Government debt: 90% of GDPInterest rate on government borrowing: 8%Size of public sector: 34% of GDP Gini co-efficient: 0.37Further information: Country A has high levels of youth unemployment, currently at around 25%. Large parts of the country are still involved in primary sector activity and many of the population centres in this country are underserved by quality infrastructure; especially roads. Due to past defaults on government debt country A has very high levels of interest on borrowing money.Economic ‘medicine’/policy instruments?: | Country B: Economic Data:GDP Growth Rate: 3%CPI Inflation: 4%Balance of payments: -7% of GDPUnemployment: 2%Government debt: 30% of GDPInterest rate on government borrowing: 2%Size of public sector: 30% of GDP Gini co-efficient: 0.41Further information: Country B’s economy has been growing at a steady rate for the past 3 years. Imports have also risen significantly as the country’s exchange rate has appreciated. There is concern that the benefits of economic growth are being shared unevenly among the people. The top 25% of the population have largely benefited from the growth, the standard of living of those below the poverty line has barely improved. A downturn in economic growth is predicted in the next year and some economists suggest a mild recession. Economic ‘medicine’/policy instruments?: |
| Country C:Economic Data:GDP Growth Rate: 1%CPI Inflation: 15%Balance of payments: -3% of GDPUnemployment: 12%Government debt: 30% of GDPInterest rate on government borrowing: 4%Size of public sector: 45% of GDPGini co-efficient: 0.35Further information: Country C has is experiencing de-industrialisation. Unemployment is high especially in certain parts of the country that were once centres of the coal and iron industries and ship building. These industries are largely declining due to international competition and relatively high labour costs in Country C. The power of trade unions in this country is very strong and a large amount of employer regulations exist. The number of days lost to strike is also very high. The country has very high levels of corporation, income and inheritance tax. This has led to a ‘brain drain’ from the country.Economic ‘medicine’/policy instruments?: | Country D: Economic Data:GDP Growth Rate: -1%CPI Inflation: -1%Balance of payments: -3% of GDPUnemployment: 25%Government debt: 120% of GDPInterest rate on government borrowing: 2%Size of public sector: 52% of GDPGini co-efficient: 0.32Further information: Country D has been experiencing prolonged recession for the past 7 years. Tax revenues are low due to the scale of unemployment and the public sector share of GDP has continued to spawn. Financial markets are concerned at the country’s potential for defaulting on its government borrowing and as a result there has been an increase in the interest rate on government borrowing. The private sector is uncompetitive as it is largely burdened by the government with paying what little tax does arrive into the government treasury. The public sector is very generous and includes entitlements for early retirement, free higher education and free healthcare.Economic ‘medicine’/policy instruments?: |
| Country E:Economic Data:GDP Growth Rate: 1.5%CPI Inflation: 1%Balance of payments: 2% of GDPUnemployment: 5%Government debt: 60% of GDPInterest rate on government borrowing: 2%Size of public sector: 40% of GDP Gini co-efficient: 0.38Further information:Country E has experienced 40 years of solid economic performance. This has largely been spurred by strong labour productivity and a very vibrant secondary and tertiary sector that produce high quality and high value goods and services for export. During the past 8 years however the government have become concerned that economic growth is sluggish. There are some questions over whether the once productive economy is being hampered by poor economic infrastructure and overregulated and over taxed businesses. Further information: | Country F: Economic Data:GDP Growth Rate: 7%CPI Inflation: 2%Balance of payments: +10% of GDPUnemployment: 5%Government debt: 20% of GDPInterest rate on government borrowing: 2%Size of public sector: 28% of GDP Gini co-efficient: 0.49This country is a NIC. 30 years ago country F moved away from the command economy approach that it had previously taken and introduced market reforms. The country has a large labour force that provides cheap labour for the production of low cost secondary sector manufactures. This country’s economic growth has been largely spurred by income received from its exports. The majority of the people of this country are still involved in the primary sector though. The economy is beginning to see labour shortages and the cost of labour is beginning to rise. 30 years of rapid GDP growth have also imposed a cost on the environment and the country is rated among the worst polluters in the world.Further information: |