

# Macroecenomics

Literature, Russian Literature



Macroeconomics QUESTION ONE THE UNITED KINGDOM Since 1973 to the level of exports in the UK has been increasing tremendously due to the increase in its general level of demand. It has been able to import some of those products that it doesn't produce locally and some as consumer goods while others as capital goods (Pressey & Tzokas, 2004). Among the major imports of UK include crude and refined petroleum, cars, computers and packed predicaments. This has been accompanied by an increase in the level of exports due to the increase in the level of domestic production, and GDP as a whole. The major exports of the UK include cars, gas turbines and crude petroleum (Pressey & Tzokas, 2004). The graph below shows some variations in the level of exports and imports made by the UK for the period of 1993 to 1998.

The degree of openness is = (exports + imports)/ GDP

Since 1973 to 2013, the UK had an average GDP of \$1578. 5 billion, average imports of \$379. 47 and average exports of \$569. 205.

Degree of openness =  $(\$379. 47 + \$569. 205) / 1578. 5 = 0. 601$ .

But since expressed as a percentage, we'll have  $0. 601 * 100 = 60. 1\%$

FRANCE

The same trade and production pattern is observed when it comes to France, though both import and export levels for France are lower as compared to the UK. The major products exported by France are planes, helicopters, and spacecraft and vehicle parts. The major products imported by France are crude petroleum, refined petroleum and packed medicaments. The graph below shows the variations in the levels of imports and exports produced by France between the periods of 1985 to 2005.

Since 1973 to 2013, France had an average GDP of \$1563.8 billion, average imports of \$404.05 and average exports of \$424.75636.

Degree of openness =  $(\$404.50424 + \$424.75636) / \$1563.8 = 828.$

$80 / 1563.8 = 0.5302$

But since expressed as a percentage, we'll have  $0.5302 * 100 = 53.02\%$

#### THE UNITED STATES

The same case of an increase in both level of exports and imports have been experienced in USA since 1973. This is due to the general increase in the level of demand as well as the GDP, increase in the level of imports so as to sustain the industrial growth and demand. Some of the major products exported by the United States are cars, refined petroleum and gas turbines while imports include cars, computers and broadcasting equipments. The graph below shows the variations of the sea foods imports and exports produced by the United States between the periods of 1997 and 2007.

Between the periods of the year 1975 to 2013, the United States of America have an average GDP of \$6145.56 billion. Since then it has had an average exports products of \$1769.76 billion and imports products of \$117.6 billion.

Degree of openness =  $(\$1769.76 + \$1176.57) / \$6145.56 = \$2946.62 / 6145.56 = 0.4795$

But since expressed as a percentage, we'll have  $0.4795 * 100 = 47.95\%$

We have observed a lower degree in the openness of the USA with respect to the United Kingdom and France since it some peculiar commercial policies. Unlike in the UK and France, the total amount US's GDP is contributed less by its imports and exports. This lowers its market degree of openness as compared to the others.

## QUESTION TWO

(a) The data below was collected from economic performance of Spain from the year 1984 to the year 2014.

1980

1981

1982

1983

1984

1985

1986

1987

1988

1989

1990

1991

GDP

-2.4

-2.0

-1.3

1.0

2.6

2.8

5.6

3.3

3.6

3.9

5.3

6.9

## INFLATION

13.8

9.6

7.6

6.9

5.8

7.6

5.5

8.8

5.8

7.7

9.9

7.6

1992

1993

1994

1995

1996

1997

1998

1999

2000

2001

2002

2003

GDP

4.6

4.9

5.8

5.0

6.3

5.9

4.4

4.7

5.6

5.9

4.4

3.9

INFLATION

7.4

7.3

7.2

6.8

6.7

6.5

6.3

6.2

5.8

5.4

5.0

4.8

2004

2005

2006

2007

2008

2009

2010

2011

2012

2013

2014

GDP

3.5

3.3

3.1

3.8

3.5

3.6

3.5

3.4

3.3

3.5

3.6

## INFLATION

4.5

4.2

3.8

3.7

3.5

3.3

3.0

2.8

2.6

2.4

2.2

(b)

Choosing 2014 as my base year:

The inflation rate between 2013 and 2014 will be given by the slope of my graph, it will be given by:  $(2.4 - 2.2) / (3.5 - 3.6) = 0.2 / -0.1 = -0.2$ , meaning that in this economic period Spain experienced deflation instead of inflation.

The inflation rate between 2012 and 2014 will be given by:  $(2.6 - 2.2) / (3.3 - 3.6) = 0.4 / -0.3 = -1.33$

The inflation rate between 2011 and 2014 will be given by:  $(2.8 - 2.2) / (3.4 - 3.6) = 0.6 / -0.2 = -3$

(c)

(d)



There are some observable patterns between the real GDP and in the graph above. From the graph, we can note that the sustained growth that is most likely caused by the rising aggregate demand has accelerated inflation at some points.

#### Bibliography

Pressey, A. & Tzokas, N. 2004, " Lighting up the " dark side" of international export/import relationships: Evidence from UK reporters", *Management Decision*, vol. 42, no. 5, pp. 694-708.