

# Macroeconomics final assignment

[Economics](#)



**ASSIGN  
BUSTER**

Course name: Macroeconomics FINAL 1. The two large macroeconomies I selected are China and the United States. 2a. GDP and GDP growth rate Found on <http://www.tradingeconomics.com/Economics/Interest-Rate.aspx?Symbol=CNY> China U. S. GDP per capita 2000-94934606 2001-102134518 2002-110634747 2003-120935318 2004-132336272 2005-145237050 2006-161237757 2007-181138138 2008-196338206 2009-NANA China U. S. GDP growth rate (avg) 2000- 7. 684. 15 2001- 7. 451. 08 2002- 8. 051. 83 2003- 9. 432. 48 2004- 9. 503. 58 2005- 10. 083. 08 2006- 10. 982. 65 2007- 12. 082. 13 2008- 9. 130. 43 2009- 7. 63-3. 55 2b.

Exchange Rates used <http://www.x-rates.com/cgi-bin/hlookup.cgi> to find info US Dollar to Chinese Yuan 2000 -1 to 8. 2795 2001 -1 to 8. 2775 2002 -1 to 8. 2766 2003 -1 to 8. 28 2004 -1 to 8. 2767 2005 -1 to 8. 2765 2006 -1 to 8. 0702 2007 -1 to 7. 8051 2008 -1 to 7. 2946 2009 -1 to 6. 8295 2c. Inflation rates Found on <http://www.tradingeconomics.com/Economics/Inflation-CPI.aspx?Symbol=USD> CHINAUS JAN/DECJAN/DEC 2000- -0. 20/1. 502. 70/3. 40 2001- 1. 20/-0. 303. 70/1. 60 2002- -1. 00/-0. 401. 10/2. 40 2003- 0. 40/3. 202. 60/1. 90 2004- 3. 20/2. 402. 00/3. 30 2005- 1. 90/1. 603. 00/3. 40 2006- 1. 90/2. 04. 00/2. 50 2007- 2. 20/6. 502. 10/4. 10 2008- 7. 10/1. 204. 30/0. 10 2009- 1. 00/NA0. 00/NA 2d. Interest rate on short term government debt Found on [http://www.treas.gov/offices/domestic-finance/debt-management/interest-rate/yield\\_historical\\_2000.shtml](http://www.treas.gov/offices/domestic-finance/debt-management/interest-rate/yield_historical_2000.shtml) and <http://www.tradingeconomics.com/Economics/Interest-Rate.aspx?Symbol=CNY> China (JAN at 1 year on all)U. S. (JAN at 1 year on all) 2000 ??? 5. 856. 09 2001 ??? 5. 855. 11 2002 ??? 5. 852. 28 2003 ??? 5. 311. 42 2004 ??? 5. 311. 31 2005 ??? 5. 582. 79 2006 ??? 5. 584. 38 2007 ??? 6. 125. 00 2008 ??? 7. 473.

17 2009 ??? 5. 310. 40 2e. Unemployment rate Found on [http://www.tradingeconomics.com/Economics/Unemployment-rate.aspx?Symbol=USDChinaU.S.\(MAR\)onall2000-NA4.002001-NA4.302002-4.30\(DEC\)5.702003-4.10\(MAR\)5.902004-4.30\(MAR\)5.802005-4.20\(MAR\)5.202006-4.20\(MAR\)4.702007-4.10\(MAR\)4.402008-4.00\(MAR\)5.102009-4.30\(MAR\)8.50](http://www.tradingeconomics.com/Economics/Unemployment-rate.aspx?Symbol=USDChinaU.S.(MAR)onall2000-NA4.002001-NA4.302002-4.30(DEC)5.702003-4.10(MAR)5.902004-4.30(MAR)5.802005-4.20(MAR)5.202006-4.20(MAR)4.702007-4.10(MAR)4.402008-4.00(MAR)5.102009-4.30(MAR)8.50) 2f. Trade deficit Found on <http://www.tradingeconomics.com/Economics/Current-Account.aspx?Symbol=USDChinaU.S.2000-20519.2-417.42001-22503.9-398.32002-49051.8-459.22003-56995.2-521.52004-76124.5-631.12005-228081.8-748.72006-341448.9-803.62007-534691.0-726.62008-617825.-706.12009-134459.9-203.23>

Trends in each variable, What do they mean for economic conditions in each country? The trends shown in the GDP for China from 2000 to 2009 shows an increase from 949 to 1963, while the United States grows from 34, 606 to 38, 206. This shows that both countries are increasing which is good, and since the United States is already high, China will show more growth percentage also known as the catch-up effect. This is proven in the GDP growth rates calculated, where China holds a 7 to 12 percent increase, while the United States shows increases of 4 percent to decreases up to 3. 5 percent. Another fact proving China's growth is their trade deficit. The trade deficit has remained positive and only gotten better over the years, while the United States has always had negative deficits. The exchange rate proves through the years that China is moving to an equilibrium with the United States dollar, but is still lower in the value of their yuan. Some of the credit for achieving this can be contributed to the fact that China maintains lower inflation rates than the United States.

Other interesting facts is that China's interest rates on short term debt remain stable while the United States was high in the early 2000s, low in the mid 2000s, and high in the late 2000s, until present at an all time low.

China's job unemployment rate also remains stable while the United States has recently risen quite a bit. 4. Analysis of strengths and weaknesses. My analysis of strengths shows that the United States overall per capita is wealthier than China. The United States currently has no inflation and interest rates are low.

Another strength for the United States is that the value of a dollar is significantly higher than the value of a Chinese yuan. Strengths for China show that they are a trade powerhouse. China continues to grow and show improvements in their economy. They are currently undergoing the catch-up effect, and technologically they are advancing daily. Weaknesses show that the United States is struggling in 2009. Unemployment is on ongoing struggle with the economical lows we face. China is still per capita at a much lower GDP than the United States and still has quite a ways to go before their yuan is equal to a dollar.

China also has much higher interest rates than the United States. 5. What conclusions can you draw from your analysis. My conclusion that I have drawn from this study is that for the United States, we are still doing well considering the economy today. Having a lower trade deficit than the average over the last ten years, keeping inflation out of the equation, and keeping a solid GDP is key when you are economically well off. My conclusion that I have drawn from this study for China is that they are a work in

progress. China continues to grow in a positive direction on all the data I have collected.

The per capita for China's GDP has more than doubled in the past ten years, and the growth rate has been steadily increasing until recent years. The Chinese yuan continues to lower exchange rates. Though interest rates on short term government debt are higher than that of the United States, 2009 shows that it is at the lowest rate it has been in recent years. Unemployment for China has not risen, even with the economy suffering. Lastly for China, trade is continually growing, having risen over six times that of ten years ago! Overall China and the United States together have a lot of positive data to analyze.

The United States main concerns over China are to keep unemployment low and trade deficits low as well. Also the United States needs to lower interest rates on short term government debt in order to grow. China's main concerns should be to lower interest rates and inflation rates, while continuing to grow in GDP and lower exchange rates. Both countries are vital to the overall world economy. China is a leading exporter to the world. The United States is a leading importer to the world. Without trade and the rest of the world, China would have no one to buy their goods and the United States would have no one to buy from so cheaply.