

Text: measuring economic activity

[Science](#), [Statistics](#)



Text: Measuring economic activity There are a large number of statistics produced regularly on the operation of the world's major economies. The UK's economy is no exception in this respect. You will probably have noticed that often the headlines in newspapers or important items on television news programmes relate to economic data and the implications for individuals and businesses. A prime example of this occurs when interest rates are increased: the media responds by highlighting the adverse effects on businesses with debts and householders with mortgages. Data is provided on a wide range of aspects of the economy's operation. Statistics are available to show. * the level of unemployment * the level of inflation * a country's trade balance with the rest of the world * production volumes in key industries and the economy as a whole * the level of wages * raw material prices, and so forth. The main statistics illustrating the economy's behaviour relate to the level of activity in the economy. That is, they tell us whether the economy is working at full capacity using all or nearly all, available resources of labour, machinery and other factors of production or whether these resources are being under-utilized. The unemployment figures for the economy give an indicator of the level of activity. As the economy moves towards a recession and a lower level of prosperity it is likely that unemployment figures will rise. An alternative measure of the level of activity is national income statistics, which show the value of a nation's output during a year. Economists use the term Gross National Product to describe this data. Changes in the level or trends of such key data have great significance for businesses, as we shall see later. There are numerous sources of data on the economy of which we can make use. The government

publishes much through the Treasury, Department of Trade and Industry, the Bank of England and the Department of Employment. The Central Statistical Office, which was established during the Second World War, publishes about half of the government's economic data. Much of this is contained in its annual publication, "The Annual Abstract of Statistics". It also publishes the equally valuable "Social Trends" annually. Additionally, private organizations, such as the banks, building societies and universities, publish figures on various aspects of the economy's performance. Economic statistics are presented in many forms, the most common being graphs and tables. Although these statistics can be valuable in assisting managers, they should be treated with some caution when predicting the future trend of the economy and thus helping the business to take effective decisions.