

MAE102 Global Economy, Trimester 1, 2014

Assessment 2 WRITTEN ASSIGNMENT.

Due Date: Monday 12 May 2014 Word Limit: 2000 words. Worth: 25% of unit total.

Part 1 worth 15%

1. Collect annual data for each year from 1994 to 2012 for five countries, Australia, China, Indonesia, Russia and UK at <http://data.worldbank.org/indicator>. Under “all indicators” find and download data for the following macroeconomic variables.
 - GDP (constant 2005 US\$)
 - GDP per capita (constant 2005 US\$)
 - GDP growth (annual %)
 - Inflation: consumer prices (annual %)
 - unemployment, total (percentage of total labour force)

Note: In order to download the data for a variable, click on the “DOWNLOAD DATA” tab on the right-hand corner of the webpage. You can save the data for each variable as an EXCEL FILE and save in a convenient location on your computer with the name of the variable.

Present the data for each variable clearly in a separate table for each variable, correctly labelled and sourced. (Express GDP in billions of US\$, and GDP per capita in US\$.) You can submit as a spreadsheet. (3 marks)

Tables and charts must be correctly titled, labelled and sourced.

2. Present the data collected above for GDP per capita in a single chart with a line for each country’s data. Compare and comment on the differences between each country and over time. Discuss possible economic reasons for those differences. (5 marks)
3. Do the same as Q2 for the other variables: present separate line charts for each of GDP, GDP growth rate, unemployment rate and inflation rate. Explain why you might want to use more than one chart to present some variables. Compare and discuss the movements shown in each chart. (7 marks)

PTO

Part 2 worth 10%

4. Define the variables in the top row. The table gives values in real millions of dollars. $T=4000$, planned $I=4500$, $G=5000$, and $NX=4500$ for all levels of GDP. Define the MPC which equals 0.7. Fill in the table below.

Show how you calculate the figures for YD, C, AE and UI. Find, define and explain the equilibrium level of income. Fill in and explain the last column, referring to the multiplier.

Define and find the level of equilibrium GDP.

GDP	T	YD	C	I	G	NX	AE	UI	Y will:
\$18,000	\$4,000		\$7,600	\$4,500	\$5,000	\$4,500			
\$22,000									
\$26,000									
\$30,000									
\$34,000									
\$38,000									
\$42,000									

Draw the AE diagram based on the table.

(5 marks)

5. Define the potential level of GDP, which is at \$38000. What sort of policy be called for and why? Find the amount for the austerity or stimulus package that the government needs, and explain and show how you calculated it. Fill in a second table with the new figures. Why is the stimulus or austerity package less than ΔY ?

Show the effect in the AE diagram you have drawn for Q5.

(5 marks)

Up to 5 marks will be deducted for poor presentation including tables, chart, sources and referencing.

See next page for further details

Presentation and Referencing:

Answers should be in full sentences, which have been checked for grammar and spelling.

All sources should be fully referenced including sources for tables and charts and date of access for online material. Your assignment will include a bibliography. If you are unsure about referencing, the library has useful information on referencing at:

<http://www.deakin.edu.au/current-students/study-support/study-skills/handouts/refer-plag.php>

Other Information:

Go to the Division of Student Life's website, select 'study skill', 'student resources', 'referencing and avoiding plagiarism'. The direct URL is

<http://www.deakin.edu.au/current-students/study-support/studyskills/handouts/authordate-harvard.php>

Please read carefully 'ASSESSMENT' and 'ACADEMIC HONESTY AND MISCONDUCT' in your *unit guide* before you start working on your assignment.

Submission:

The assignment must be submitted online with **the honesty declaration signed**. Submit into the *Assessment 2 written* dropbox in the assessments area on the MAE102 unit website by 1159 pm in the evening, 12 May. An earlier time is preferable in order to avoid system overload at the last minute. This avoids system crash and the risk of late submission.