



A-Level Economics Case Studies:

Theme 4



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A-Level Economics
Case Studies:
Country Fact Sheets



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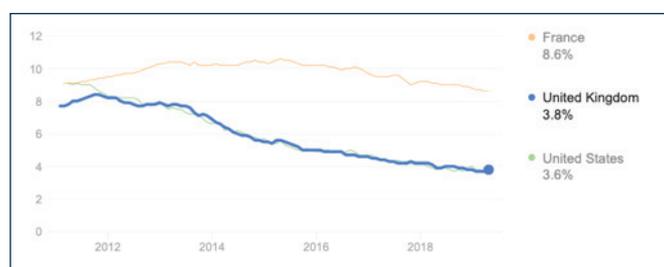
Summary

- Main economic indicators for UK, US, Eurozone

Indicator	UK	US	Eurozone
Economic Growth	1.4% (2019)	2.6% (2019)	1.2% (2019)
Unemployment Rate	3.8%	3.7%	7.5%
Inflation Rate	2.1%	2.1%	1.3%
Trade Balance (2018)	£31bn deficit	US\$621bn deficit	\$219bn surplus
Budget Deficit (2018)	£25.5bn (1.2% of GDP)	\$779bn (3.9% of GDP)	0.5% of GDP
Gini Coefficient (2018)	0.35	0.48	0.32
Debt to GDP (2018)	86.8% of GDP	106% of GDP	86.1% of GDP

UK

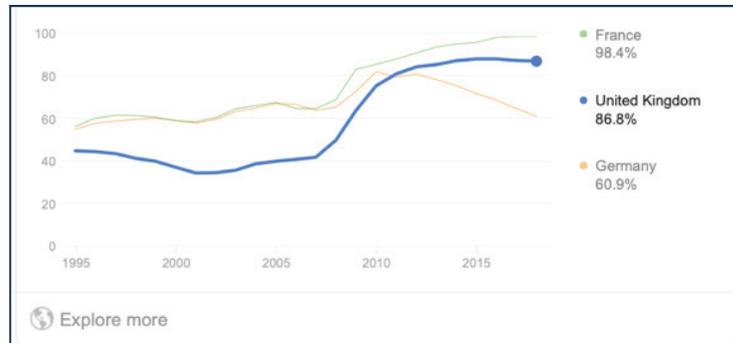
- Economic Growth:** The UK economy is projected to grow 1.4% in 2019 compared with its long-term trend rate of around 2%.
- Unemployment Rate:** The unemployment rate in the UK is currently 3.8%, lowest since 1974.



- Inflation rate:** The UK's inflation rate target is 2%. In July 2019, the UK's inflation rate was 2.1%.
- Trade Balance:** The UK's trade deficit was £31bn in 2018.
- Budget Deficit:** In 2018, the government's budget deficit was £25.5bn equivalent to 1.2% of GDP.

6. **Gini Coefficient:** The UK's Gini Coefficient is 0.35.

7. **Debt to GDP ratio:** In 2018, the UK's government's debt was equivalent to 86.8% of GDP.



USA

1. **Economic Growth:** The US economy is expected to grow by 2.6% in 2019.

2. **Unemployment Rate:** The US Unemployment rate was 3.7% in July 2019, lowest since 1969.



3. **Inflation rate:** The US' inflation rate target is 2%. In July 2019, the inflation rate was 2.1%.

4. **Trade balance:** US\$621bn deficit in 2018.

5. **Budget Deficit:** In 2018, the government's budget deficit was \$779bn, equivalent to 3.9% of GDP.

6. **Gini Coefficient:** The US Gini Coefficient is 0.48, higher than the UK and Eurozone.

7. **Debt to GDP ratio:** In 2018, the US Government's debt was equivalent to 106% of GDP.

Eurozone

1. **Economic Growth:** The Eurozone economy is expected to grow by 1.2% in 2019.
2. **Unemployment Rate:** The Eurozone Unemployment rate was 7.5% in July 2019.
3. **Inflation rate:** The Eurozone inflation rate target is 2%. In 2019, the inflation rate is expected to be 1.3%.
4. **Trade Balance:** \$219bn surplus in 2018, largely thanks to exports by Germany.
5. **Budget Deficit:** In 2018, the average Euroarea Government's budget deficit was 0.5% of GDP.
6. **Gini Coefficient:** The Eurozone Gini Coefficient is 0.32.
7. **Debt to GDP ratio:** In 2018, the average Eurozone Governments' debt was equivalent to 86.1% of GDP.





A-Level Economics
Case Studies:
Developing Country



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Summary

- Algeria is an example of a country reliant on the export of primary products – oil and gas.
- Jordan is an example of a country that is highly dependent on international aid.
- Thailand is an example of a rapidly growing developing country.
- Improvements in infrastructure, particularly communications, have underpinned Africa's economic revival.



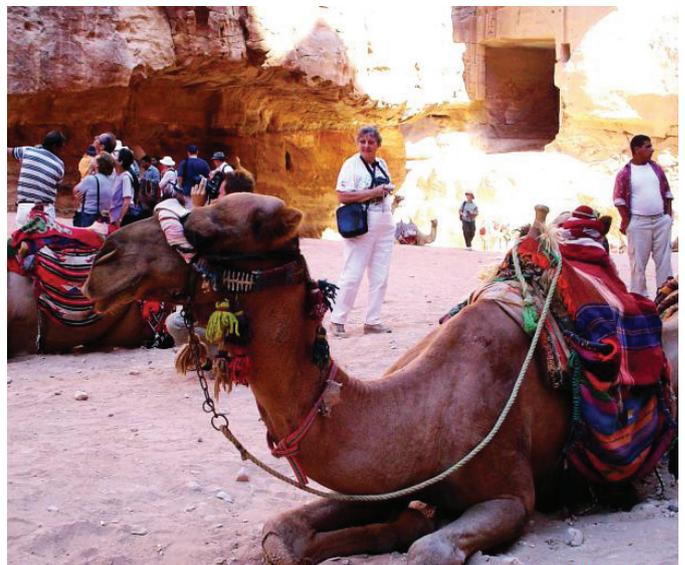
Case Study 1 - Primary Product Developing Country - Algeria

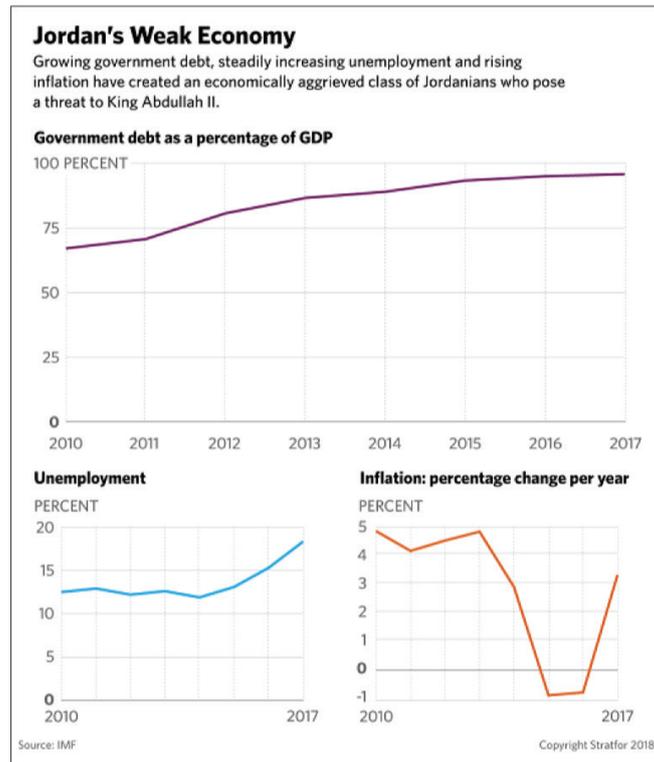
1. Algeria is highly reliant on the hydrocarbon (oil and gas) sector. The export of oil and gas makes up 96% of total export revenue. They also contribute to over 50% of the government's revenues and around 30% of GDP.
2. In 2014, the Algerian economy struggled to cope with declining oil prices. They fell from over US\$90 to less than US\$30 in a matter of months – due to increasing supply of and falling demand for oil. AS a result, the budget and trade deficits increased to over 10% of GDP.



Case Study 2 - Aid Dependant Developing Country - Jordan

1. The Jordanian economy is highly dependent on external aid. In 2018, Jordan received over US\$750 of financial aid from the US and US\$1bn from Saudi Arabia, UAE and Kuwait.
2. Despite, the significant aid Jordan receives annually, economic performance remains weak and sluggish. In 2018, real GDP growth was 2.8%, while unemployment stood at 18.5%. Public debt has ballooned to 95% of Gross Domestic Product (GDP). Most of the government's budget is wasted on generous salaries, pensions, and debt servicing, leaving little for investment in public services.
3. Furthermore, among the long-standing problems Jordan faces are poverty, corruption, slow economic growth, and high levels of unemployment.





Case Study 3 - Developing Country basic statistics - Thailand

- Over the last four decades, Thailand has achieved remarkable progress in social and economic development, moving from a low-income to an upper-income country in less than a generation. As such, Thailand has been widely cited as a success story, with sustained strong growth and impressive poverty reduction.
- Thailand's economy grew at an average annual rate of 7.5% in the boom years of 1960 to 1996 and 5% following the Asian Financial Crisis during 1999-2005, creating millions of jobs that helped pull millions of people out of poverty. Poverty declined substantially over the last 30 years from 67% in 1986 to 7.8% in 2017.
- More children are now getting more years of education, and nearly everyone is now covered by health insurance while other forms of social security, such as welfare payments and unemployment benefits, have expanded.





Case Study 4 - Africa

Figure 2 The World's Fastest-Growing Economies 2001-2010: Annual Average GDP Growth (%)

Angola	11.1
China	10.5
Myanmar	10.3
Nigeria	8.9
Ethiopia	8.4
Kazakhstan	8.2
Chad	7.9
Mozambique	7.9
Cambodia	7.7
Rwanda	7.6

(African countries in bold italics)

Figure 3 Forecast Annual Average GDP Growth (%), 2011-2015

China	9.5
India	8.2
Ethiopia	8.1
Mozambique	7.7
Tanzania	7.2
Vietnam	7.2
Congo	7.0
Ghana	7.0
Zambia	6.9
Nigeria	6.8

(African countries in bold italics)

1. According to the World Bank, Africa could be on the brink of an economic take off, like China was in 1980s. Between 2001 and 2010, six out of the ten fastest growing countries in the world were African. In 2013, the fastest growing economy in the world was Ghana. It's GDP expanded by 13% that year.
2. More and more Africans are becoming billionaires and millionaires. This wealth is trickling down to the rest of the population, creating jobs and reducing poverty. The number of people spending more than US\$2 a day has doubled to 315m people, 34% of the population, in less than 20 years. The birth rate is also falling, and infrastructure is gradually improving. Thousands of miles of roads and railways, oil and gas pipelines and new ports are being built in Kenya, Ghana, Nigeria, Mozambique.
3. Technology has aided Africa's economic revival. New fibre broadband across the continent has expanded and reduced the cost of communication. Internet speeds have risen one hundred-fold in the last few years. Connection costs have fallen 40-fold. Internet usage grew by 2,527% between 2000 and 2011.
4. Furthermore, smartphone use, due to their low cost, have increased significantly. More than 60m Nigerians have a mobile phone subscription (compared to 400,000 landline subscribers). The continent is the fastest growing mobile market, expanding by 20% per year since 2006. This has helped boost consumption. In Kenya, 41% of the population use mobile phones to pay for goods by transferring credit from one handset to another in seconds. As such, consumption is expected to increase from \$869bn in 2008 to \$1.3tn in 2020.