**What is the ideal GDP for a country?**

* Used to determine economic health of a country
* Looking for incremental growth from quarter to quarter
  + Ideal growth is 2% - 3%
* Sustaining a positive increase is a sign of economic expansion; however, growth should be incremental.
  + Body temperature comparison
  + 98.6 is ideal. Less that that is bad but over 100 isnt good either. 104 is deadly.
* Dramatic increases (4% or more) usually leads to contraction in the business cycle
  + Poor investments / riskier behavior amongst investors
* GDP per capita is total GDP / Population
  + Helpful in comparing countries
* The higher the GDP per capita, the higher the standard of living within that country

**Inflation Rate**

* Sustained growth in prices for goods and services
* As inflation rises your dollar is able to purchase less (loses purchasing power)
* Example if shoes are $100 & inflation is 2%. Shoes will be $102.00 in a year.
* Most developed countries see a 2% - 3% inflation rate annually
* What causes inflation?
  + Demand exceeds supply. People pay more for goods.
  + Company costs increase (wages, taxes, import costs) it gets passed on to the consumer
* Who does inflation affect the most?
  + If people are uncertain about the economy they tend to spend less
  + People on fixed incomes lose purchasing power, decrease standard of living
  + Change in prices leads to changes things like menus, printables, etc…
* If inflation in your country is greater than other countries, domestic products lose value

**Unemployment Rate**

* Unemployment Rate = People that want a job but cannot find one.
* Used as a confirmation tool to determine a countries economic standing
  + Doesn’t predict economic health, just reinforces
* United States= 6.1%; North Dakota = 2.8%; North Carolina = 6.5%; Mississippi = 8.0%
* Underemployment is 12.6% in the United States
* Nine countries with low unemployment (Under 5% in 2012)
  + 5% or less is considered strong
  + Austria, Belarus, China, Japan, Montenegro, Taiwan, Thailand, Ukraine, & Vietnam
* Great websites for past & future unemployment rates
  + <http://www.ilo.org/global/research/global-reports/global-employment-trends/2014/WCMS_233936/lang--en/index.htm>
  + <http://www.therichest.com/rich-list/rich-countries/10-rich-countries-with-the-lowest-unemployment-rates/2/>

**Literacy Rate**

* Ability to read & write at a certain age
* Most countries base percentage off of the age of 15
* Low levels of literacy indicate poorer levels of education & less developed nations
* Higher the literacy rate, the higher the life expectancy
* Worldwide average is 84% (2010)
* All Countries: <https://www.cia.gov/library/publications/the-world-factbook/fields/2103.html>

**Type of Government**

* Democracy is government led by peoples choice
* Monarchy:
  + Absolute Monarchy is autocratic control (dictatorship)
  + Constitutional Monarchy is formally limited control (most common type)
  + Many monarchs (Japan, Europe, Cambodia, & Malaysia) reign but do not rule
* Federal Republic are countries without a monarch and use states or provinces to form local & national govt.

**Type of Economic System**

* Traditional, Market, Command, & Mixed economies exist in the world
* Command Economy is controlled by a centralized power. Govt. owns everything involved in the industrial process
  + Communist in nature
  + Unemployment low
  + Some industries such as agriculture struggle because government focuses on most valuable resources
* Market Economy
  + Capitalism & Socialism
  + Capitalism allows for an explosive economy that is relatively controlled and safe
  + Socialism tends to control the most vital & profitable industries but allows the rest of the economy to operate freely
* Mixed Economy
  + Characterized by private ownership
  + Example is United States

**Stock of Direct Foreign Investment**

* Direct investment put into production or business in a country by an individual or company of another country.
* Most investment occurs when a business is bought in foreign country or existing business is expanded
* FDI increases equate to improved economic growth due to added revenue from investment
* FDI investments are usually used on infrastructure & development
* FDI investments makes companies more competitive & more efficient
* FDI investment usually leads to increased technology, better training and soft skill acquisition