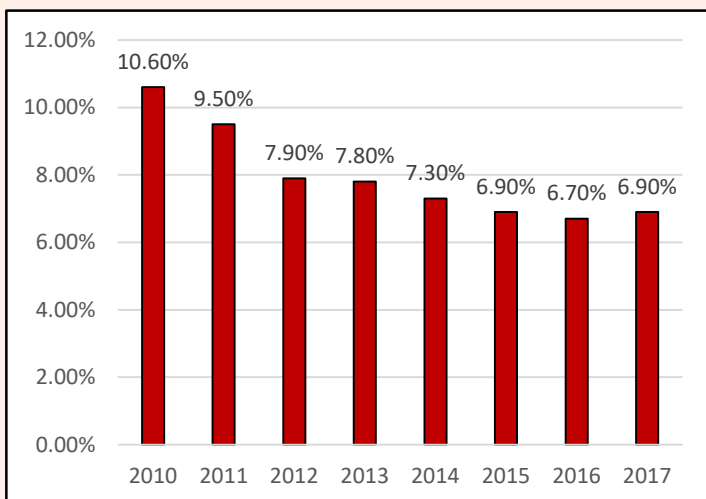


19/01/18

Here are the five economic stories which have caught our eye this week:

### China GDP Global Growth (%):



This week, China released their latest growth figures for the economy in 2017. The 2017 growth figure is the highest achieved by China in two years and has risen on the previous year for the first time since 2010. However, many commentators and economists have doubts about the sustainability of this growth phase, given that China is in a middle of a rebalancing process to deal with social and ethical issues such as corruption and pollution.

Explain how stronger economic growth in the global economy has helped boost Chinese growth.

Using an AD/AS diagram, assess the impact that anti-pollution policies imposed on manufacturing industries in China will have on the future growth rate.

THE WEEKLY

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### UK Sugar Tax:



#### SUGAR TAX:

UK sugar tax to be introduced from April 2018:

18p per litre	5g of sugar or more per 100ml
24p per litre	More than 8g of sugar per 100ml

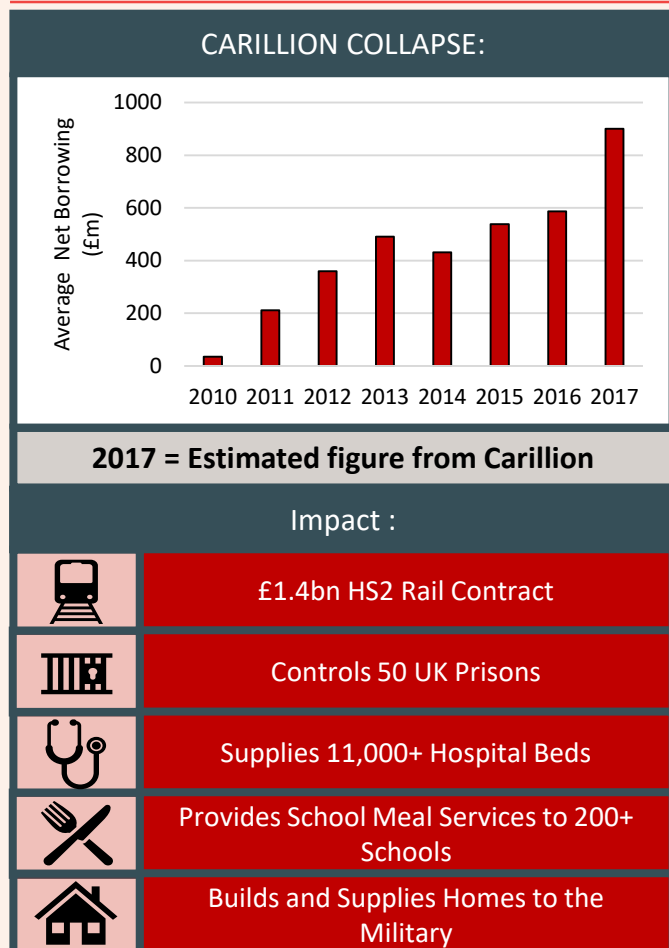
Coca Cola is the first major drinks manufacturer to announce that it is to raise the price of its best selling bottles of cola by 20p.

The UK sugar tax, which was announced in the 2016 budget, comes into effect from April 2018. Manufacturers of sugary drinks are having to make economic decisions to either reformulate the recipe or pass higher costs onto consumers.

Using an MSB/MSC diagram, evaluate the effectiveness of a sugar tax on demerit goods such as sugary drinks compared to policies aimed at informing individuals about the consequences of consuming these demerit goods.

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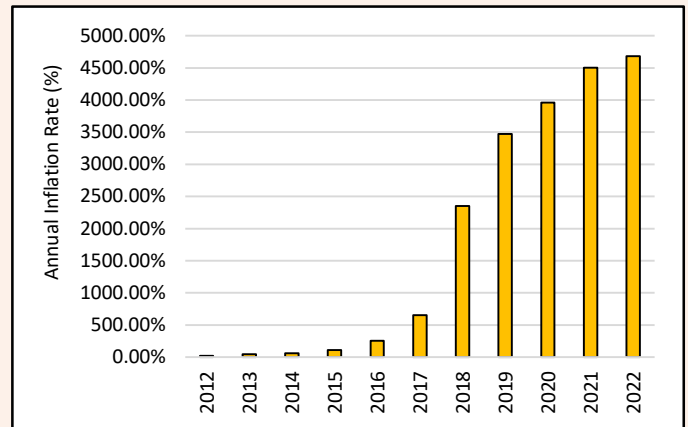
## Carillion Liquidation – Too Small to Save:



The big industry news this week was the announcement by Carillion (second biggest UK construction firm) that they have been forced to enter liquidation. The company found itself in an unmanageable position with debts of £1.5bn and a pension deficit of £600m.

To what extent do you believe that the government should have intervened to save Carillion from liquidation?

## Venezuelan Wage-Price Spiral:



The Venezuelan Government has announced in the last week that the minimum wage in Venezuela will rise by 40%, as the country battles a severe economic crisis.

Using the theory of labour markets, assess the impact of a higher minimum wage being imposed in Venezuela.

Explain how the increase in the MW may create further inflationary pressures in the economy.

## Impact of Brexit on Scotland:



### BREXIT IMPACT:

Analysis conducted by the Scottish government has attempted to calculate the financial cost of Scotland leaving the European Union. The analysis identified three possible scenarios that may impact Scotland.

Scotland's Place in Europe: People, Jobs and Investment

Scenario	Financial Cost by 2030
Remaining a member of the single market and customs union.	<b>£4bn</b>
The UK secures a free trade agreement upon leaving the EU.	<b>£9bn</b>
The UK does not secure a free trade deal and reverts to WTO terms with EU trading partners.	<b>£12.7bn</b>

Using trade diagrams, assess the impact of each of these economic scenarios on the Scottish economy.