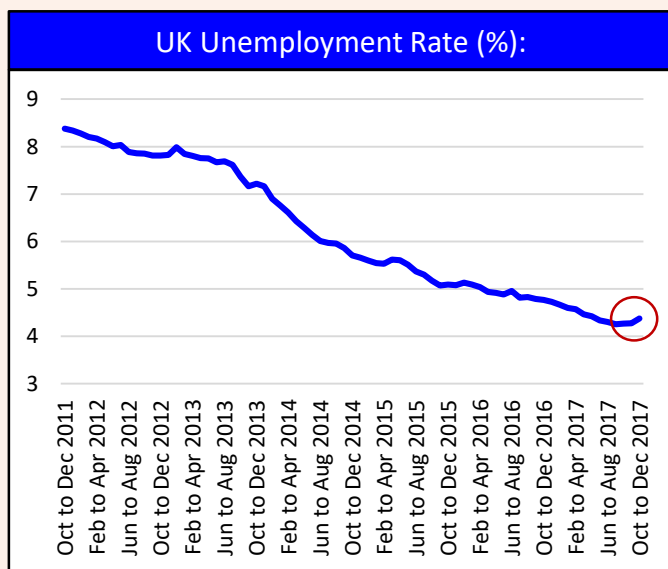


Here are the five economic stories which have caught our eye this week:

**A Sign of the Times?**



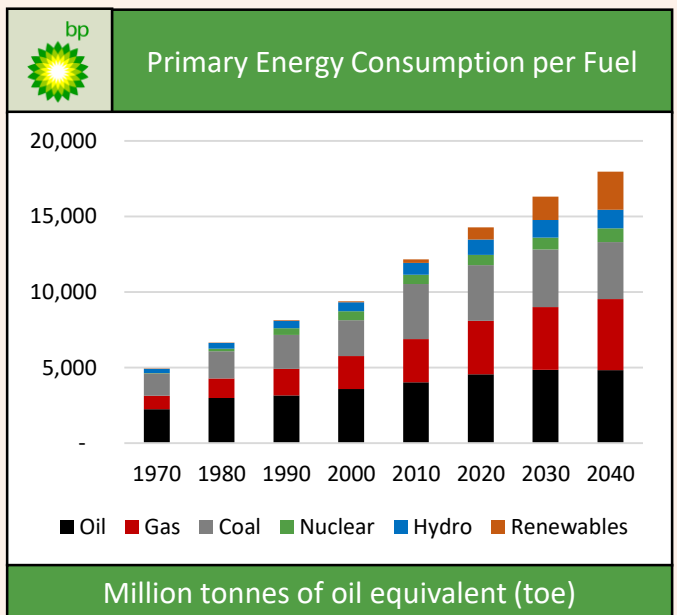
Data regarding the UK labour market for the fourth quarter of 2017 was published on Wednesday. The statistics painted a slightly different picture to what has been seen in recent times. The unemployment rate ticked up by 0.1pp to stand at 4.4% - the first rise in two years. However, the employment rate also edged up as 88,000 more people were employed during this quarter. The dynamics of the labour market has resulted in real wages exceeding expectations and increasing by 2.5% on last year.

Using the economic data in the chart and your own knowledge, to what extent do you agree with the view that the UK has reached the stage of full employment?



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**BP Energy Outlook 2018:**

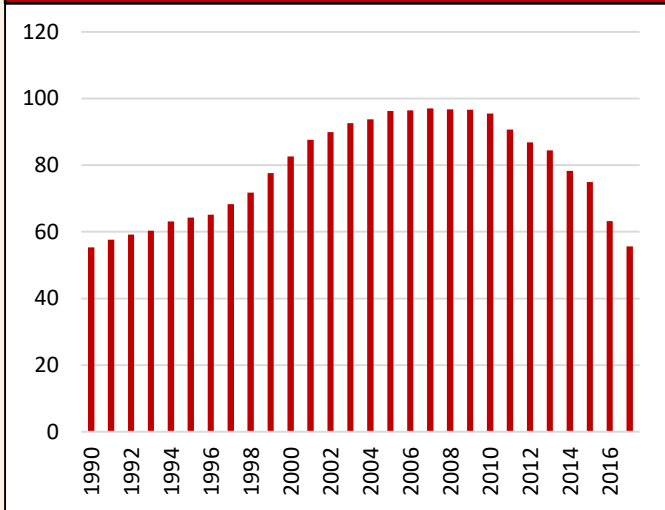


The British oil and gas giant BP released their 2018 energy outlook for the global economy this week. The report contained forecasts and analysis regarding the trends in energy consumption and production. The company forecast for the first time in its history that oil demand will peak in 2030 and begin to decline in the decade that follows. They also highlighted that renewable energy sources will experience the fastest growth in demand over the next two decades.

Using relevant diagrams, explain the relationship between the market for electric vehicles and the market for liquid fuels such as oil.

Sweden - A Cashless Society:

Value of Swedish Notes and Coins in Circulation (SEK, billions)

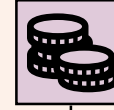


Data released in a review of Sweden’s central bank has shown that the value of Swedish Krona in circulation has fallen steadily since the mid-2000s. The amount of cash in circulation has dropped to below the level in 1990 as Swedish retailers, bars and restaurants continue their purge against handling cash payments.

Assess the impact that a move towards a cashless society will have on the “underground economy”.

What would be the expected impact on the fiscal finances of the Swedish government?

There is no such thing as a free lunch:



Universal Basic Income (UBI)

The Royal Society for the encouragement of the Arts, Manufactures and Commerce proposed that every citizen under the age of 55 receives a basic state wage equal to £10,000.

Year 1	Year 2
£5,000	£5,000

Dividend Payments made from a British Sovereign Wealth Fund.

Receivers of the benefit would lose their benefit payments and tax allowances.

Discuss why the increased potential for jobs automation in the future strengthens the argument for a universal basic wage to be paid to all citizens.

Discuss the impact the guarantee of a UBI will have on the poverty and unemployment traps within an economy.

Too Big to Fail Policy :



It was announced this week that the US administration is setting out proposals to end the ‘too big to fail’ policy regime in the banking sector. This will provide reassurance to the US taxpayer that they will not be burdened with the cost of a private sector bank collapsing and failing.

Explain the economic rationale behind a central bank providing liquidity assistance for failing banks.

With reference to the term moral hazard, discuss the implications of the ‘too big to fail’ policy coming to an end in a developed financial system such as the UK or US.