

**Question 27****(12 marks)**

This question refers to the data in the table below for a hypothetical economy.

Indicator	Year 1	Year 2	Year 3	Year 4	Year 5
Real GDP (\$bn)	530	534	553	562	560
Unemployment rate (% of labour force)	6.2	6.3	6.0	5.5	5.5
Consumer Price Index	100	101.0	105.2	107.3	107.1
Current account deficit (% of GDP)	3.5	4.1	5.6	5.4	2.5
Business investment (% of GDP)	10.0	15.6	17.8	15.2	7.5

(a) (i) Calculate the real economic growth rate in Year 3. (1 mark)

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(ii) Identify the indicator in the table that is lagging. (1 mark)

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(iii) Identify the year which had the highest rate of inflation. (1 mark)

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- (b) With reference to Year 3 in the table on page 15, explain how **one** economic objective conflicts with the objective of economic growth and how **one** other economic objective complements the objective of economic growth. (4 marks)

Conflicting economic objective: \_\_\_\_\_

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Complementary economic objective: \_\_\_\_\_

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