



## EXAMINER'S REPORT

AUGUST 2004

ECONOMICS

### General Comments

This paper was taken by 15 candidates. One candidate achieved an A, one a B, 2Cs, 10 Ds, and just one fail.

As a general rule students are poor at applied work. This was most clearly seen in **Question 1**, where they were asked to consider the economic issues, but mostly gave their opinion without any analysis. This same comment was made about the May examination.

**Question 2** was about house prices. The issues here relate to the relatively high income elasticity of housing, mentioned by no one, and the relative supply inelasticity of housing.

**Question 3** is straightforward definition. Some totally reversed causation-with price increases causing income increases! This even applied in the numerical question-hardly attempted. The numerical part of **Question 4** was only attempted by one person-but done poorly. **Question 5** revolves around the demand curve.

**Question 6** and the money supply process remains a mystery to many, as it had in the May exam. Several candidates gave two pages of ever decreasing loans and reserves without giving a total or indeed giving a conclusion.

**Question 7** is about the automatic stabilisers and discretionary policy.

**Question 8** is about two things-the exchange rate and the slow-down in the economy. As € appreciated our inflation decreased.