



Cambridge Pre-U

ECONOMICS

9772/02

Paper 2 Essays

October/November 2020

2 hours 15 minutes



You must answer on the answer booklet/paper.

You will need: Answer booklet/paper

INSTRUCTIONS

- Answer **three** questions in total:
 - Answer **at least one question** from Section A.
 - Answer **at least one question** from Section B.
 - Answer **one other question** from **either** Section A **or** Section B.
- If you have been given an answer booklet, follow the instructions on the front cover of the answer booklet.
- Use a black or dark blue pen.
- Write your name, centre number and candidate number on all the work you hand in.
- Do **not** use an erasable pen or correction fluid.
- At the end of the examination, fasten all your work together. Do **not** use staples, paper clips or glue.

INFORMATION

- The total mark for this paper is 75.
- All questions are worth equal marks.

This syllabus is regulated for use in England, Wales and Northern Ireland as a Cambridge International Level 3 Pre-U Certificate.

This document has **4** pages. Blank pages are indicated.

Answer **three** questions. **One** must be chosen from Section A and **one** from Section B. The third question can be chosen from either section.

Section A

- 1 'All nations face the same fundamental economic problem. Price controls affect the working of the market mechanism, and this inevitably has damaging consequences for how efficiently the economic problem is tackled.'

To what extent do you agree with this assertion? [25]

- 2 'A demerit good has a low price elasticity of demand, a low income elasticity of demand, but a high price elasticity of supply. These are the ideal characteristics for a product on which a government should impose a sizeable indirect tax.'

To what extent do you agree with this assertion? [25]

- 3 'In order to prevent exploitation of consumers, governments should regulate the behaviour of firms in oligopolistic markets.'

To what extent do you agree with this assertion? [25]

Section B

- 4 'The benefits of economic growth always outweigh the costs of economic growth.'

Discuss this view. [25]

- 5 Policymakers are concerned about the overall economic effects of a sizeable and persistent current account deficit in their country's balance of payments.

Discuss whether fiscal policy would be the most effective way to address their concerns. [25]

- 6 'Customs unions impose greater costs on the global economy than free trade agreements.'

Discuss this view. [25]

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