

Cambridge International Examinations

Cambridge Pre-U Certificate

ECONOMICS (PRINCIPAL)

9772/02

Paper 2 Essays May/June 2015

2 hours 15 minutes

Additional Materials: Answer Booklet/Paper

READ THESE INSTRUCTIONS FIRST

If you have been given an Answer Booklet, follow the instructions on the front cover of the Booklet.

Write your Centre number, candidate number and name on all the work you hand in.

Write in dark blue or black pen.

You may use an HB pencil for any diagrams or graphs.

Do not use staples, paper clips, glue or correction fluid.

DO NOT WRITE IN ANY BARCODES.

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

You are advised to spend 5 minutes planning each answer and no more than 40 minutes writing each essay.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [] at the end of each question or part question.



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

This document consists of 2 printed pages.



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 'The factors that shift the demand curve, such as advertising, are of greater importance to firms than simply lowering the price to increase the quantity demanded.'

To what extent do you agree with this statement?

[25]

- 2 To what extent do you agree with the statement that the market failure involved in the provision of public goods is easy to spot but difficult to correct? [25]
- **3** 'Trade unions secure justified wage increases, improve firms' productivity and increase employment.'

Evaluate this statement.

[25]

Section B

4 'The actual rate of unemployment is of less relevance than the type of unemployment when it comes to formulating appropriate policies.'

To what extent do you agree with this statement?

[25]

5 'UK inflation targets should not be set, as too many contributing factors are outside the control of the Bank of England.'

Evaluate this statement.

[25]

To what extent do you agree with the statement that comparative advantage is still the main driver of international trade? [25]

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