



Cambridge Pre-U

ECONOMICS

9772/02

Paper 2 Essays

May/June 2022

2 hours 15 minutes



You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

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.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

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. Any 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 Supply and demand changes in the world market for crude oil were so dramatic early in 2020 that prices fell to an unprecedented degree; in fact, at one stage, the price charged by one supplier was actually negative.

Discuss the extent to which the price mechanism can perform its traditional functions under such extreme circumstances. [25]

- 2 During the early stages of the coronavirus (Covid-19) crisis, the UK government chose to remove some of the restrictions that prevented supermarkets from colluding with each other.

Discuss the view that such restrictions should in fact be removed altogether, in good times or bad, since the harm that they do is generally greater than any possible benefit they generate. [25]

- 3 The ratio between the median pay of chief executives of large companies in the UK and that of full-time workers as a whole rose from 128 times to a startling 138 times between 2016 and 2017, even though it then fell away to 119 times by 2019.

Discuss the contention that such large pay differentials are inevitable, merely a reflection of differences, and changes over time, in supply and demand conditions for different groups of workers. [25]

Section B

- 4 Productivity growth in the UK during the 2010s was at its lowest level for 250 years, so it was no surprise that living standards stagnated during that period relative to those in other comparable countries.

Discuss the extent to which increased productivity growth in the UK is both a necessary and a sufficient condition for sustainable economic growth that benefits all. [25]

- 5 A report published in May 2020 suggested that recovery spending on 'green' projects, such as energy-efficiency, tree-planting and road redesign would actually create more jobs than the traditional types of stimulus packages used after the world's post-2008 financial crisis.

Discuss the view that the effectiveness of economic recovery policy after a large recession depends not so much on the individual constituents of government macro-economic policies but on the overall amount of the increase in government spending. [25]

- 6 Labour mobility has been an important element of globalisation. In 2019, the remittances received by low-income countries from their citizens working in developed countries were three times the total of overseas aid received by these countries.

Discuss the suggestion that heavy reliance on such remittances is not in the long-term interests of economic development in low-income countries. [25]

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