



# Cambridge Pre-U

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## ECONOMICS

9772/02

Paper 2 Essays

For examination from 2020

SPECIMEN PAPER

2 hours 15 minutes



You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

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## 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 specimen paper has been updated for assessments from 2020. The specimen questions and mark schemes remain the same. The layout and wording of the front covers have been updated to reflect the new Cambridge International branding and to make instructions clearer for candidates.

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 A national supermarket chain is thinking of introducing a new range of locally sourced, organic fruit and vegetables across its stores. Before it launches the range, it commissions a national survey for its proposed pricing strategy, and the survey produces these estimates for middle income consumers:

- price elasticity of demand  $-2.4$
- income elasticity of demand  $+1.9$
- cross elasticity of demand with respect to the prices of regular fruit and vegetables  $+3.7$

Discuss how the supermarket might use this information to increase overall profit. [25]

- 2 With reference to examples, evaluate the degree to which oligopolistic markets will result in collusion. [25]

- 3 The best way to tackle the market failures associated with the consumption of alcohol is through the introduction of a minimum price.

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

### Section B

- 4 To what extent should governments prioritise the control of inflation over the goal of low unemployment? [25]

- 5 Discuss the extent to which fiscal policy alone can reduce income inequality. [25]

- 6 Free trade creates many losers as well as winners, particularly in manufacturing. Thus, there is a strong case for protectionism in more economically developed countries (MEDCs).

To what extent do you agree with this argument for protectionism? [25]

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