

ECONOMICS (PRINCIPAL)

9772/02

Paper 2 Essays

May/June 2017

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** question must be chosen from Section A and **one** question 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.

All questions carry equal marks.

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

Section A

- 1 Using indifference curve analysis, assess the significance of income and substitution effects in determining the quantity demanded of a product when its price increases. [25]
- 2 'Government intervention to correct market failure inevitably makes the situation worse.'
With reference to examples, to what extent do you agree with this statement? [25]
- 3 'The threat of competition is now as powerful as actual competition in protecting the interests of consumers.'
Evaluate this statement. [25]

Section B

- 4 'Of all macroeconomic objectives, economic growth is the most important.'
Evaluate this statement. [25]
- 5 'Fiscal policies and monetary policies are more effective than supply-side policies in achieving price stability.'
With reference to recent experience, to what extent do you agree with this statement? [25]
- 6 Evaluate the view that protectionist policies can never be justified on economic grounds. [25]

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