



ECONOMICS

Paper 2 Essays

9772/02

May/June 2014

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.

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 Of all the elasticities of demand, own-price elasticity of demand is of the greatest importance for firms.

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

- 2 In monopolistic competition firms produce a variety of products but cannot exploit consumers. Therefore monopolistic competition is the ideal market form.

Evaluate this statement. [25]

- 3 Of all market failures, it is the problems caused by inequalities in the distribution of income with which governments need to be most concerned.

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

Section B

- 4 With reference to current UK experience, evaluate whether tax and benefit systems inevitably have adverse effects on incentives to work, save and invest. [25]

- 5 With a free floating exchange rate current account deficits on the balance of payments are never a major problem.

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

- 6 The Human Development Index (HDI) is of far greater significance to **citizens** of LEDCs whereas **governments** in MEDCs are inevitably more concerned with GDP per head figures.

Evaluate this statement. [25]

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