

ECONOMICS

9772/02

Paper 2 Essays

May/June 2013

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 a soft pencil for any diagrams, graphs or rough working.

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

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 Economists traditionally assume that firms seek to maximise profit.
Evaluate the usefulness of this assumption. [25]
- 2 With reference to examples, identify the factors which determine market structure and assess the reasons why many market structures in the UK tend towards oligopoly. [25]
- 3 Evaluate the view that wage differentials are only a reflection of differences in the marginal productivity of workers. [25]

Section B

- 4 Explain why many countries have adopted inflation targets and evaluate the extent to which the Bank of England should be blamed for failing to achieve its inflation target in recent years. [25]
- 5 Recovery from recessions is often characterised by stubbornly high levels of youth unemployment.
Explain the costs associated with youth unemployment and evaluate possible economic policies to deal with it. [25]
- 6 Identify the advantages of free floating exchange rates and evaluate whether less economically developed countries (LEDCs) should always adopt such an exchange rate regime. [25]

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