

376/01

**ECONOMICS – EC6**

A.M. MONDAY, 28 June 2004

(2 hours)

**ADDITIONAL MATERIALS**

In addition to this examination paper, you will need a 12 page answer book.

**INSTRUCTIONS TO CANDIDATES**

Answer **any three** questions.

**INFORMATION FOR CANDIDATES**

Each question carries 20 marks.

You are reminded of the necessity for good written communication and orderly presentation in your answers.

Candidates are reminded that this paper is synoptic and will test candidates' understanding of the connections between the different elements of the subject.

*Answer **three** questions.*

1. Should the Government aim to achieve a situation of perfect competition in all markets for goods and services in order to maximise efficiency in the UK economy?
2. “In order to achieve the socially optimum level of output in transport markets the Government should increase taxes on travel by air and private cars and subsidise rail and bus travel.” Discuss.
3. Evaluate the view that economic growth should always be a government’s main priority.
4. Discuss the view that a trade-off exists between inflation and unemployment.
5. “The UK economy would benefit from being a full member of the European Monetary Union (EMU).” Discuss.
6. Developing countries often have difficulties in competing with industrialised countries. Discuss how these difficulties could be overcome.