

GENERAL CERTIFICATE OF EDUCATION (GCE) BOARD

General Certificate of Education Examination

Economics 2

0725

[gcerevision.com](http://www.gcerevision.com)

JUNE 2021

ADVANCED LEVEL

Subject Title	ECONOMICS
Paper No./Title	2
Subject Code No.	0725

<http://www.gcerevision.com>

Three hours

Answer FIVE questions, choosing AT LEAST TWO from each section. All questions carry equal marks.

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

JUNE 2021/0725/2/C

© 2021 GCEB

Turn Over

[gcerevision.com](http://www.gcerevision.com)

SECTION A

1. (a) What factors may lead to an outward shift of the production possibilities curve? (8 marks)
(b) How can an outward shift of the production possibilities curve help in the management of the problem of scarcity? (12 marks)

2. (a) With the use of diagrams, distinguish between "price floor" and "price ceiling" legislations. (12 marks)
(b) Explain the economic implications of a price ceiling legislation. (8 marks)

3. (a) With the aid of a diagram, explain the relationship between Total Revenue (TR) and Marginal Revenue (MR) of a firm in imperfect competition. (12 marks)
(b) What are the advantages of oligopoly in an economy? (8 marks)

4. (a) Define profit and explain the different types. (8 marks)
(b) What are the functions of profit in a market economy? (12 marks)

SECTION B

5. (a) Distinguish between autonomous consumption and induced consumption. (6 marks)
(b) Why has household consumption been on the rise in urban centres in Cameroon? (14 marks)

6. (a) Explain the various ways by which the government of your country can control the supply of money. (12 marks)
(b) Why do governments control money supply? (8 marks)

7. (a) Distinguish between discretionary fiscal policy and automatic stabilizers. (8 marks)
(b) How effective are discretionary fiscal policies in attaining government objectives? (12 marks)

8. (a) What are the barriers to growth in developing countries? (10 marks)
(b) Suggest policies that can be adopted to encourage growth. (10 marks)
