

GENERAL CERTIFICATE OF EDUCATION BOARD

General Certificate of Education Examination

Economics 2

0725

JUNE 2022

ADVANCED LEVEL

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

Three hours

INSTRUCTIONS TO CANDIDATES

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.

SECTION A

1. (a) Explain the functions of the price mechanism. (10 marks)
- (b) What are the disadvantages of the price mechanism? (10 marks)
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2. (a) What do you understand by the 'paradox of value'? (5 marks)
- (b) Explain the factors that will guide a producer in setting the price of his / her product. (15 marks)
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3. (a) With the aid of a diagram, explain oligopolistic uncertainty. (12 marks)
- (b) How can oligopolists overcome this problem of uncertainty? (8 marks)
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4. (a) Explain the various types of profit. (10 marks)
- (b) What factors may increase the level of profits of a firm? (10 marks)
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SECTION B

5. (a) How can the government increase the level of investment? (10 marks)
- (b) Identify and explain the limitations of the accelerator principle. (10 marks)
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6. (a) What are the positive effects of increasing the supply of money in an economy? (10 marks)
- (b) How can BEAC reduce the supply of money in Cameroon? (10 marks)
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7. (a) Explain how taxes function as automatic stabilizers. (8 marks)
- (b) What are the advantages and disadvantages of automatic stabilizers? (12 marks)
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8. (a) Describe the problems faced by Cameroon in international trade. (10 marks)
- (b) How can the problems identified in 8(a) above be reduced or solved? (10 marks)
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GO BACK AND CHECK YOUR WORK