

**LITTORAL ECONOMICS TEACHERS' ASSOCIATION****(LETA)****General Certificate of Education Regional Mock Examination****MARCH 2024****ADVANCED LEVEL**

Subject Title	Economics
Paper No.	2
Subject Code No.	0725

THREE HOURS**INSTRUCTIONS TO CANDIDATES**

Answer FIVE questions, choosing at least two questions 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) How can the government intervene in industrial location? (8mks)
 - (b) What are the reasons for the state intervention in industrial location? (12mks)
2.
 - (a) Discuss the relationship between Price elasticity of demand and total revenue when demand is: (5;5= 10 mark)
 - (i) Fairly inelastic.
 - (ii) Fairly elastic.
 - (b) What are the likely factors that can influence the price elasticity of demand for a commodity? (10mks)
3.
 - (a) What are the sources of monopoly power? (10mks)
 - (b) In what ways are monopolies different from firms in monopolistic competition? (10mks)
4.
 - (a) Describe the main functions of trade unions in a country. (10mks)
 - (b) Discuss the basis for wage claims by trade unions. (10mks)

Section B

5.
 - (a) Distinguish between the marginal propensity to consume and the average propensity to consume (MPC and APC). (10mks)
 - (b) Discuss the factors that influence consumption in an economy. (10mks)
6.
 - (a) Define the term monetary policy and show how it can be expansionary or contractionary. (10mks)
 - (b) Discuss the effectiveness of electronic money services (Momo, Orange Money) as a medium of exchange. (10mks)
7.
 - (a) How can the government finance her expenditure? (8mks)
 - (b) Distinguish between the main forms of the debts issued by the central government and describe how the debts can be reproductive or deadweight. (12mks)
8.
 - (a) When is the balance of payments said to be in a deficit (B.O.P). (8mks)
 - (b) How can the government of your country reduce the balance of payments deficit? (12mks)

END!