

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)

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)

3. (a) With the aid of a diagram, explain oligopolistic uncertainty. (12 marks)
- (b) How can oligopolists overcome this problem of uncertainty? (8 marks)

4. (a) Explain the various types of profit. (10 marks)
- (b) What factors may increase the level of profits of a firm? (10 marks)

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)

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)

7. (a) Explain how taxes function as automatic stabilizers. (8 marks)
- (b) What are the advantages and disadvantages of automatic stabilizers? (12 marks)

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)

GO BACK AND CHECK YOUR WORK