

Economics 2

0725



LITTORAL ECONOMICS TEACHERS ASSOCIATION (LETA)



General Certificate of Education Regional Mock Examination

APRIL 2021

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 one section. All questions carry equal marks.

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

Turn Over

SECTION A

- 1.
- (a) Why do we study Economics? (8marks)
 - (b) How is **Scarcity** related to **Opportunity Cost**? (12marks)
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- 2.
- (a) With the aids of a well labelled diagram, explain how Price Mechanism functions. (10marks)
 - (b) What are the disadvantages of Price Mechanism in the allocation of semi-finished and finished goods and services? (10marks)
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- 3.
- (a) Identify and explain the main features of an Oligopolistic Market. (10marks)
 - (b) Distinguish between Total Revenue and Marginal Revenue and explain the relationship between these two concepts. (10marks)
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- 4.
- (a) Define profits and show how it is different from other factor incomes. (12marks)
 - (b) What are the functions of abnormal profits in a market economy? (8marks)
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SECTION B

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- 5.
- (a) Explain why National Income equal National Output equal National Expenditures. (12marks)
 - (b) Discuss the factors that influence the size of a nation's national income. (8marks)
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- 6.
- (a) How do government control money supply in an economy? (10marks)
 - (b) What are the components for the demand for money? (10marks)
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- 7.
- (a) Make a succinct difference between a "budget surplus" and a "budget deficit. (10marks)
 - (b) Discuss the various options that are available to the government of Cameroon in reducing the national debt. (10marks)
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- 8.
- (a) Make a difference between absolute cost advantage and comparative cost advantage. (12marks)
 - (b) Explain why most less developed countries have found it very difficult to grow. (8marks)
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