

Economics 2 0525

CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD

General Certificate of Education Examination

JUNE 2018

ORDINARY LEVEL

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| Subject Title | Economics |
| Paper No. | 2 |
| Subject Code No. | 0525 |

Two and a half hours

You are required to answer ANY FIVE questions. ONLY THE FIRST FIVE QUESTIONS ANSWERED WILL BE MARKED

All questions carry equal marks.

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

1. (a) With the use of diagrams, distinguish between a movement along the same demand curve and a shift of the demand curve. **(10 marks)**
 (b) Explain the conditions under which price and quantity demanded will be increasing at the same time. **(10 marks)**

2. (a) What do you understand by the following terms as used in Economics:
 (i) Mobility of Labour. **(3marks)**
 (ii) Division of Labour. **(3 marks)**
 (b) State and explain four (4) measures the government of Cameroon can use to encourage Occupational Mobility of Labour. **(8 marks)**
 (c) The costs schedule of a firm producing motorcycles is as follows;

| Output of motorcycles | Total Costs ("000FCFA) |
|-----------------------|------------------------|
| 0 | 50 |
| 1 | 80 |
| 2 | 105 |
| 3 | 127 |

- (i) What is the Fixed Costs of this firm? **(2 marks)**
 (ii) Calculate the Total Variable Costs of the firm at all levels of output. **(4 marks)**
3. (a) Differentiate between Terms of Trade (TOT) and the Balance of Payments (BOP). **(4 marks)**
 (b) Study the table below that shows the Balance of Payments situation of a country.

| Items | Amount (Millions FCFA) |
|-------------------|------------------------|
| Visible Export | 950 |
| Invisible Imports | 850 |
| Invisible Exports | 655 |
| Visible Imports | 800 |

- (i) Calculate the Balance of Payments on Current Account **(4 marks)**
 (ii) Calculate the Balance of Trade (BOT) **(2 marks)**
 (c) Explain **five** (5) methods used by countries to restrict international trade. **(10 marks)**
4. (a) Define the following concepts as used in Economics:
 (i) Demand for money
 (ii) Transactions motive
 (iii) Retail Price Index
 (iv) Cheques
 (v) Overdraft **(2 marks X 5= 10 marks)**
 (b) State and explain five (5) limitations on the commercial bank's ability to create credit. **(10 marks)**
5. (a) Distinguish between Real National Income and Money National Income. **(4 marks)**
 (b) State and explain four (4) difficulties encountered by countries when measuring National Income **(8 marks)**
 (c) Explain four (4) reasons why it is necessary for a country to measure its National Income **(8 marks)**
6. (a) (i) Explain the term Small Holders' Scheme. **(4 marks)**
 (ii) Explain any four (4) differences between Subsistence Agriculture and Plantation Agriculture. **(8 marks)**
 (b) State and explain four (4) reasons why the government of Cameroon intervenes in the location of industries. **(8 marks)**

7. (a) With the use of suitable examples, explain the following terms as used in Economics:

- (i) Scarcity
- (ii) Opportunity Cost
- (iii) Utility

(4 + 4+4 marks)

(b) Study the table below which shows the utility of an individual consumer of beans over a period.

| Number of plates of beans consumed | Marginal Utility (MU in Utils) | Total Utility (TU in Utils) |
|------------------------------------|--------------------------------|-----------------------------|
| 1 | 20 | |
| 2 | 16 | |
| 3 | 9 | |
| 4 | 0 | |
| 5 | -5 | |

- (i) Complete the table above by calculating values for Total Utility. **(5 marks)**
- (ii) At what level of consumption will the consumer attain the point of Disutility and why? **(3 marks)**

8. (a) Define each of the following terms, giving examples of each:

- (i) Direct Tax
- (ii) Indirect Tax

(5 marks)

(5 marks)

(b) State and explain four (4) reasons why the government of a country will impose an indirect Tax.

(10 marks)