

**Economics 2****0725****CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD**

General Certificate of Education Examination

**JUNE 2019****ADVANCED LEVEL**

Subject Title	<b>ECONOMICS</b>
Paper No./Title	<b>2</b>
Subject Code No	<b>0725</b>

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**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) | With the help of a diagram, explain what is meant by the optimum population size of a country.                    | (8 marks)  |
|    | (b) | What are the negative consequences of net emigration of people between the ages of 18 and 60 years on an economy? | (12 mark)  |
| 2. | (a) | Why might the price of cocoa fluctuate more than the prices of computers?   | (8 marks)  |
|    | (b) | What factors can lead to an increase in the supply of cocoa?  | (12 marks) |
| 3. | (a) | What are profits maximized at the output level where $MC=MR$ ?  | (12 marks) |
|    | (b) | What others goals can firms seek to achieve apart from profit maximization?                                       | (8 marks)  |
| 4. | (a) | Explain the loanable funds theory on interest rate determination.   | (10 marks) |
|    | (b) | What are the factors that might likely cause a rise in interest rates in an economy?                              | (10 marks) |

**SECTION B**

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|----|-----|---|------------|
| 5. | (a) | How is national income measured using the income method?  | (8 marks)  |
|    | (b) | Advance reasons for the rise in the national income of Cameroon over the years.                 | (12 marks) |
| 6. | (a) | What do you understand by:  | (8 marks)  |
|    | (b) | What measures can be taken to remedy the negative effects of inflation in an economy?           | (12 marks) |
| 7. | (a) | Distinguish between tax incidence and tax burden.   | (6 marks)  |
|    | (b) | Why are most countries today shifting their tax based ways from direct taxes to indirect taxes? | (14 marks) |
| 8. | (a) | How is a Customs Union different from a Free Trade Area?  | (8 marks)  |
|    | (b) | What are the likely benefits to Cameroon of being a member of CEMAC?                            | (12 marks) |