

Economics 2
725

CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD

General Certificate of Education Examination

JUNE 2015

ADVANCED LEVEL

Subject Title	ECONOMICS
Paper No.	Paper 2
Subject Code No.	725

Three hours

Answer FIVE questions, choosing TWO from Section A, TWO from Section B and ONE from Section C, 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. "Despite the numerous advantages of the market economic system some countries still prefer the planned economic system". Discuss. (20 marks)

- (a) Distinguish between a change in supply and a change in quantity supplied. (10 marks)
- (b) What factors will lead to an increase in supply? (10 marks)

Explain

- (a) the similarities and
- (b) the differences between Perfect competition and Monopolistic competition, (10 + 10 marks)

4. (a) What do you understand by piece rate and time rate as methods of reward for labour? (6 marks)
(b) What are the advantages and disadvantages of the piece rate method? (8 + 6 marks)

SECTION B

5. Why might an increase in money national income not necessarily lead to an increase in the standards of living in a country? (20 marks)

6. The Franc CFA is money used in Cameroon. Why is it considered as good money? (20 marks)

7. Explain the principles of taxation and give reasons for the imposition of a tax. (10 + 10 marks)

8. (a) What constitutes the current account of the balance of payments? (8 marks)

(b) How may favourable terms of trade improve upon a country's balance of payments situation? (12 marks)

SECTION C

9. What factors will a manager take into consideration when setting the price of a product? (20 marks)

10. Examine the benefits and costs of multinational companies to the economy of Cameroon. (20 marks)