

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)