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**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.*

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### SECTION A

1. (a) With the help of a diagram, explain what is meant by the optimum population size of a country. **(8 marks)**
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- (b) What are the negative consequences of net emigration of people between the ages of 18 and 60 years on an economy? **(12 mark)**
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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)**
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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)**
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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)**
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### SECTION B

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)**
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6. (a) What do you understand by:
- (i) Demand pull inflation?
- (ii) Cost push inflation? **(8 marks)**
- (b) What measures can be taken to remedy the negative effects of inflation in an economy? **(12 marks)**
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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)**
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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)**
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