

GENERAL CERTIFICATE OF EDUCATION BOARD

General Certificate of Education Examination

Economics 2

0525

JUNE 2022

ORDINARY LEVEL

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.

Turn Over

1. (a) Outline the drawbacks of a barter system of exchange and explain how they have been removed by the following functions of money:
- (i) Medium of exchange
 - (ii) Measure of value
 - (iii) Store of value
 - (vi) Standard of deferred payment
- (8 marks)
- (b) (i) Differentiate between “demand for money” and “supply of money”
- (4 marks)
- (ii) Why do people in an economy prefer to hold money in liquid form?
- (8 marks)
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2. “Of recent the government of Cameroon has increased custom duties on imports”
- (a) State and explain **Four (04)** main economic reasons for such a policy.
- (8 marks)
- (b) Apart from custom duties, state and explain **Four (04)** other measures available for government to use, in order to reduce imports.
- (8 marks)
- (c) List any **Four (04)** first aid measures, the government can use to correct a balance of Payment deficit.
- (4 marks)
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3. (a) Define the following as used in economics:
- (i) Debentures
 - (ii) Plough-back profit
 - (iii) Deregulation
 - (iv) Parastatals
 - (v) Multinational
 - (vi) Shares
- (2+2+2+2+2+2= 12 marks)
- (b) Bring out any **Four (04)** reasons why about 60% of entrepreneurs started as Sole Proprietors?
- (8 marks)
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4. (a) (i) Distinguish between Direct and Indirect Production
- (4 marks)
- (ii) With the help of a table classify the following statements into direct and indirect production.
- The production of cocoyams for personal consumption.
 - A carpenter produces a cupboard for sale
 - Weaving a basket to help you carry house waste.
 - A teacher preparing students to take Economics as a subject in the upcoming GCE Examination at a fee.
 - A musician playing his guitar at his leisure time.
 - A woman frying puff – puff for sale.
- (6 marks)
- (b) With the help of examples, what do you understand by the following:
- (i) Primary Production
 - (ii) Secondary Production
 - (iii) Tertiary Production
 - (iv) Quaternary Production
- (10 marks)
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5. The table below shows the demand and supply schedules for maize in a local market:

Price in FCFA	Demand in Buckets	Supply in Buckets
2,000	10	4
3,000	8	5
4,000	6	6
5,000	4	8
6,000	2	10

- (a) From the table above, what is the equilibrium price and why? (2 marks)
- (b) If the government fixed a price at 3,000FCFA per bucket;
- (i) What name is given to such a price? (2 marks)
- (ii) State **Four (04)** consequences of such a price in (i) above. (4 marks)
- (c) State and sketch on separate diagrams the following:
- (i) The first law of demand and supply
- (ii) The second law of demand and supply
- (iii) The third law of demand and supply (12 marks)

“In an attempt to diversify the economy of Cameroon, agriculture and industrialization are to be encouraged and promoted at the same time”

6. (a) (i) Explain **Three (03)** main ways in which agriculture and industrialization are interrelated. (6 marks)
- (ii) State and explain **Four (04)** common problems that affect both agriculture and industrialization. (8 marks)
- (b) Propose **Three (03)** possible solutions to the problems encountered in promoting industrial development in Cameroon. (6 marks)
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7. (a) Define the following:
- (i) Monetary Policy
- (ii) Fiscal Policy
- (iii) Physical Policy (6 marks)
- (b) (i) Explain with an example in each case, any **Three (03)** types of unemployment. (6 marks)
- (ii) Give any **Four (04)** negative consequences of unemployment in Cameroon. (8 marks)
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8. (a) What do you understand by the following:
- (i) A direct tax
- (ii) An indirect tax (8 marks)
- (b) (i) Explain **Three (03)** main reasons why government imposes taxes? (6 marks)
- (ii) Explain **Three (03)** economic effects of an increase in direct tax in an economy. (6 marks)