GENERAL CERTIFICATE OF EDUCATION (GCE) BOARD

General Certificate of Education Examination

Economics 2
0525

JUNE 2021   **ORDINARY LEVEL**

Subject Title	Economics
Paper No.	Paper 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 the questions carry equal marks.

You are reminded of the necessity for good English and orderly presentation in your answers.

_____ **Turn Over**

1. (a) What do you understand by an optimum population? **(4 marks)**

   (b) The population of a country in 2010 was 24 million inhabitants, comprising 30% youths, 60% in the working age group and 10% in the old age group. The total output for the year was valued at 480 million FCFA. Calculate:

      (i)   The size of the dependent population. **(4 marks)**

      (ii)   The dependency ratio. **(2 marks)**

      (iii)   The per capita income. **(2 marks)**

   (c) Explain **four** effects of a large scale emigration of Cameroonians of the age range 18 to 60years on the economy of Cameroon. **(8 marks)**

---

2. (a) Distinguish between the following:

      (i) Economies of scale and diseconomies of scale. **(4 marks)**

      (ii) Division of labour and efficiency of labour. **(4 marks)**

      (iii) Specific and non-specific factors of production. **(4 marks)**

   (b) Explain **four** determinants of efficiency of labour. **(8 marks)**

---

3. The table below is a demand and supply schedule for biscuits:

Price in FCFA	Quantity demanded in packets	Quantity supplied in packets
600	100	700
500	200	600
400	300	300
300	400	200
200	500	100
100	600	50

   (a) Determine the market price and give a reason for your answer. **(4 marks)**

   (b) The government guarantees sellers of biscuits a price of 600FCFA:

      (i) What name is given to this price? **(2 marks)**

      (ii) State two consequences of the above price. **(4 marks)**

   (c) Calculate the price elasticity of supply, as price changes from 200FCFA to 400FCFA. **(4 marks)**

   (d) Explain **three** factors that will influence the price elasticity of supply for biscuits. **(6 marks)**

---

4 (a) Explain **four** differences between a commercial bank and a central bank. **(8 marks)**

   (b) Explain **four** functions of money and indicate their solutions to the problems posed by the barter system of exchange.

   (12 marks)

---

5   (a) State and explain **five** measures a country can use to correct a balance of payments deficit.   **(10 marks)**

    (b) Define:

      (i) Comparative cost advantage.   **(2 marks)**

      (ii) Absolute advantage.   **(2 marks)**

    (c) Explain **three** methods of trade restrictions.   **(6 marks)**

---

6   (a) State and explain **five** uses of national income figures.   **(10 marks)**

    (b) Explain **five** problems faced in measuring the national income of a country.   **(10 marks)**

---

7   (a) Define the terms:

      (i) Economic growth.   **(4 marks)**

      (ii) Economic development.   **(4 marks)**

    (b) Explain **four** benefits of economic growth.   **(12 marks)**

---

8   (a) Explain with examples, the following systems of taxation;

      (i) Proportional tax.   **(4 marks)**

      (ii) Progressive tax.   **(4 marks)**

    (b) State and explain **four** ways by which the Cameroon government spends its revenue.   **(12 marks)**