

Economics 2  
0725

**CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD**  
General Certificate of Education Examination / Technical and Vocational Education Examination

JUNE 2020

ADVANCED LEVEL

Subject Title	ECONOMICS
Paper No./Title	2
Subject Code No.	0725



**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.*



Turn Over

## SECTION A

1. (a) Explain the inward movement of the production possibility curve. (10 marks)  
 (b) How can the production possibility curve be used to explain the concepts of scarcity and opportunity cost? (10 marks)
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2. (a) Explain the following:  
 (i) Income elasticity of demand. (5 marks)  
 (ii) Cross elasticity of demand. (5 marks)  
 (b) What factors determine the price elasticity of demand? (10 marks)
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3. (a) With the aid of a diagram, distinguish between the economic optimum and the technical optimum of a firm. (10 marks)  
 (b) Identify and explain the main features of monopolistic competition. (10 marks)
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4. Discuss the:  
 (a) advantages and  
 (b) disadvantages of the government instituting a minimum wage legislation. (10 +10 marks)
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## SECTION B

5. (a) With the use of examples from the different types of economy, define leakages and injections. (8 marks)  
 (b) What factors are likely to bring about an increase in the level of private sector savings? (12 marks)
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6. (a) What are the conditions necessary for commercial banks to create credit? (8 marks)  
 (b) What problems are commercial banks likely to face in creating credit? (12marks)
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7. (a) Explain the various ways by which the government of Cameroon can contract a national debt. (10 marks)  
 (b) Does a large national debt necessarily constitute a burden to the citizens? (10 marks)
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8. (a) What problems will a country face if it experiences a persistent deficit in its balance of payments? (12 marks)  
 (b) How can devaluation remedy a persistent deficit in a country's balance of payments? (8 marks)
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