

SCOBA
S.6 REVISION TEST
ECONOMICS PAPER 2

Attempt all.

SECTION A

1. a) i) Distinguish between trade creation and trade diversion. (2 mks)
ii) Give any two roles of international trade in your country. (2 mks)
- b) i) What is devaluation? (1 mk)
ii) Under what circumstances may devaluation fail to achieve its objectives. (3 mks)
- c) i) Distinguish between tax evasion and tax avoidance. (2 mks)
ii) Why do countries levy taxes in LDC's? (2 mks)
- d) i) Differentiate between nominal income and real income. (2 mks)
ii) Give any two determinants of real income in your Country. (2 mks)
- e) i) What is protectionism? (1 mk)
ii) Give any three advantages of protectionism in your Country. (3 mks)

SECTION B

2. a) Explain the causes of balance of payment disequilibrium in your Country (10 mks)
b) Suggest possible measures that can be used to reduce the balance of payment disequilibrium in your Country. (10 mks)

END.