

P220/1

ECONOMICS

Paper 1

Nov./Dec. 2011

3 hours



UGANDA NATIONAL EXAMINATIONS BOARD

Uganda Advanced Certificate of Education

ECONOMICS

Paper 1

3 hours

INSTRUCTIONS TO CANDIDATES:

Answer five questions.

Section A is compulsory. Answers to this section should be concise.

Answer four questions from section B.

All questions in section B carry equal marks.

Credit will be given for use of relevant diagrams.

Any additional question(s) answered will not be marked.

SECTION A: (40 MARKS)

Answer all parts of this question.

1. (a) (i) What is meant by a laissez - fare economy?
(ii) State any two demerits of a laissez - fare economy.

- (b) (i) Differentiate between an operating cost and an overhead cost.
(ii) State any two overhead costs in an economy.

- (c) (i) What is meant by aggregate demand?
(ii) Mention any three components of aggregate demand in an open economy.

- (d) State any four features of economic development in your country.

- (e) (i) Distinguish between optimum population and over population.
(ii) State any two demerits of over population.

- (f) (i) What is meant by the term “foreign exchange rate control”?
(ii) Mention any three objectives of foreign exchange rate control.

- (g) (i) State the law of comparative cost advantage.
(ii) Give any three assumptions of the law of comparative cost advantage.

- (h) (i) Define the term “currency depreciation.”
(ii) Mention any three effects of currency depreciation in an economy.

- (i)(i) What is meant by a funded debt?
(ii) Mention any three reasons for raising money through public debt.

- (j) State any four ways by which public enterprises are privatized.

SECTION B: (60 MARKS)

Answer any three questions from this section.

2. (a) Explain the role of price mechanism in the allocation of resources in an economy.
(b) Discuss the implications of relying on price mechanism in the allocation of resources in an economy.

3. (a) Differentiate between disposable income and per capita income.
(b) What are the limitations of using per capita income to compare standards of living between countries?
4. (a) Differentiate between bi-lateral and multi-lateral aid.
(b) Assess the impact of foreign aid on the development of an economy.
- 5.(a) Explain the role of agriculture in the development of an economy.
(b) What measures can be taken to improve the agricultural sector in an economy.
6. (a) What are the causes of unemployment in an economy?
(b) Explain the benefits of regional economic integration.
7. (a) Explain the benefits of regional economic integration.
(b) What factors have undermined the achievement of regional economic integration in developing countries?
8. (a) What is meant by the term “fiscal policy”?
(b) Explain the objectives of fiscal policy in an economy.

END