

P220/1

ECONOMICS

Paper 1

Nov./Dec. 2000

3 hours



UGANDA NATIONAL EXAMINATIONS BOARD

Uganda Advanced Certificate of Education

ECONOMICS

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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)

1. (a) What is the role of the informal sector in your country?
- (b) (i) Differentiate between transfer earnings and transfer payments.
(ii) State any two sources of transfer payments in your country.
- (c) (i) What is meant by “factor mobility”?
(ii) Give any three barriers to factor mobility in your country.
- (d) Mention any four features of your country’s economy.
- (e)(i) Define the term “critical minimum effort” as used in the Balanced Growth strategy of economic development.
(ii) Mention any two limitations of the balanced growth strategy.
- (f) (i) What is meant by the term “productivity of labour”?
(ii)Mention any three factors which determine the productivity of labour in your country.
- (g) (i) Define the term “commercial policy”.
(ii) State any three instruments of commercial policy in your country.
- (h) (i) What is an “inflationary gap”?
(ii) How can an inflationary gap in an economy be closed?
- (i)(i) Distinguish between a balanced budget and a deficit budget.
(ii) State any two ways of financing a deficit budget.
- (j)(i) Differentiate between a progressive tax and a regressive tax.
(ii) Mention any two effects of a progressive tax system in your country.

SECTION B

2. (a) Explain how the cost of living index in an economy is computed.
(b) What are the problems faced in the computation of cost of living indices?
3. (a) Distinguish between balanced growth and imbalanced growth strategies of economic development.
(b) Examine the advantages and disadvantages of the balanced growth strategy in developing countries.
4. (a) Define the term “Investment”.
(b) Assess the impact of private foreign investment in your country.

5. (a) What are causes of disguised unemployment in your country.

(b) Explain the measures that should be taken to increase the level of employment in your country.

6. (a) How do commercial banks in your country create credit?

(b) Explain the factors which influence the credit creation process in your country.

7. Protection rather than free trade should be adopted if countries are to benefit from international trade". Discuss.

8. (a) Account for the divestiture of public enterprises in your country.

(b) What are the problems encountered in the divestiture of public enterprise in your country?

END