

P220/2

ECONOMICS

Paper 2

Nov./Dec. 2000

3 hours



**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda Advanced Certificate of Education**

ECONOMICS

Paper 2

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) (i) Differentiate between Resale Maintenance and Reserve price.  
(ii) State any two uses of prices in your country.
  
- (b) (i) Define the term “marginal efficiency of capital”.  
(ii) Give any three factors that determine marginal efficiency of capital in your country.
  
- (c)(i) Distinguish between Gross Domestic Product (GDP) and Gross National Product (GNP).  
(ii) State any two uses of national income statistics in your country.
  
- (d) (i) What is meant by the term “price index”?  
(ii) Mention any three uses of price indices in your country.
  
- (e) (i) What is meant by economic dependence?  
(ii) Mention any three ways in which your country’s economy is dependence.
  
- (f) Mention any three ways in which your country’s economy is dependent.
  
- (g) (i) Differentiate between creeping inflation and run-away inflation.  
(ii) Give any two policy instruments for controlling inflation in your country.
  
- (h) (i) What is meant by terms of trade?  
(ii) State any three reasons why the terms of trade of developing countries are deteriorating.
  
- (i)(i) Define the term “liquidity preference”.  
(ii) State any three factors that influence liquidity preference in your country.
  
- (j) (i) Define the term “import duty”.  
(ii) State any three objectives of imposing import duties in your country.

**SECTION B: (60 MARKS)**

2. (a) What are the features of an informal sector?  
(b) Assess the contribution of the informal sector to your country.

3. (a) Account for the privatization of public enterprises in your country.  
(b) What problems have been encountered in the privatization of public enterprises in Uganda?
4. (a) How are wages determined in your country?  
(b) Account for the wage differences in your country.
5. (a) Explain the Keynesian theory of unemployment.  
(b) To what extent is this theory of unemployment applicable to your country?
6. (a) Assess the contribution on of foreign capital investment to the development of your country.  
(b) Examine the steps being taken to attract foreign investors in Uganda.
7. (a) What is economic development planning?  
(b) Why does your country carry out economic planning?
8. (a) Distinguish between recurrent expenditure and capital expenditure in a budget.  
(b) Account for the persistent budget deficit in your country.

**END**