

P220/1

ECONOMICS

Paper 1

Nov./Dec. 2005

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)**

1. (a)(i) What is meant by a transformation curve?  
(ii) Mention any two factors that may cause a transformation curve to shift outwards.
  
- (b) (i) Differentiate between a normal price and a market price.  
(ii) State any two ways of price discrimination in your country.
  
- (c) Given that the Marginal propensity to Consume (MPC) in a two sector economy is 80%. Initial investment is shs20, 000,000 million; initial equilibrium level of income is shs80, 000,000 million and if the investment is increased by shs5, 000 million.

Calculate the;

- (i) Multiplier value;
- (ii) New equilibrium level of income.

- (d) State any four examples of economic dualism.
- (e)(i) What is economic growth?  
(ii) State any three costs of economic growth in an economy.
- (f)(i) Distinguish between labour mobility and efficiency of labour.  
(ii) State any factors which influence the efficiency of labour in an economy
- (g)(i) Distinguish between incidence of a tax and impact of a tax.  
(ii) Give any two demerits of a regressive tax.
- (h)(i) Distinguish between money supply and demand for money.  
(ii) Mention any two determinants of money supply in an economy.
- (j)(i) Difference between the impact and the incidence of a tax.  
(ii) Mention any two effects of taxation in your country.

### **SECTION B: (60 MARKS)**

2. (a) What are the factors of oligopolistic markets in your country?  
(b) Discuss the merits and demerits of oligopolistic markets in your country.

3. (a) Account for the uneven distribution of income in your country.  
(b) What measures have been adopted to minimize uneven distribution of income in your country?
4. (a) In what ways is your country economically dependent?  
(b) What are the implications of such economic dependence?
5. Assess the impact of multi-national corporations in your country.
6. (a) Account for the existence of unfavorable terms of trade in your country.  
(b) Suggest measures that should be taken to correct unfavorable terms of trade in your country.
7. (a) What is meant by the “optimum population”?  
(b) Examine the implications of a high population growth rate in your country.
8. (a) Differentiate between privatization and nationalization of economic enterprises.  
(b) Assess the impact of privatization of public Enterprises in your country.

**END**