



P220/1
ECONOMICS
Paper 1
Jul./Aug. 2022
3 hours



WAKISO-KAMPALA TEACHERS' ASSOCIATION (WAKATA)

WAKATA MOCK EXAMINATIONS 2022

Uganda Advanced Certificate of Education

ECONOMICS

Paper 1

3 hours

INSTRUCTIONS TO CANDIDATES:

Answer five questions only.

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

Answer four questions from section B.

All questions from section B carry equal marks.

Credit will be given for the use of relevant diagrams.

*Any additional question(s) attempted will **not** be marked.*

SECTION A (20 MARKS)



Answer all parts of this question

- 1. (a) (i) Distinguish between **Maximum price legislation** and **minimum price legislation**. (02 marks)
- (ii) Give any **two** reasons why government may establish a price ceiling. (02 marks)
- (b) (i) Define **cross elasticity of demand**. (01 mark)
- (ii) Given that the price of commodity (x) increased from shs 50,000 to shs 80,000 and this led to increase in Quantity demanded for commodity (y) by 10%. Calculate the cross elasticity of demand for the two commodities and state the relationship between them (03 marks)
- (c) (i) Distinguish between **increase in demand** and **decrease in quantity demanded**. (02 marks)
- (ii) Give **two** factors that cause a change in demand for a commodity. (02 marks)
- (d) (i) Define the term **price discrimination** as used in economics. (01 mark)
- (ii) Under what circumstances may price discrimination be successful? (03 marks)
- (e) (i) Why may increasing population be desirable. (02 marks)
- (ii) Identify **two** problems associated with rapid population growth. (02 marks)

SECTION B (80 MARKS)

Answer any four questions from this section

- 2. (a) Explain the Keynesian theory of unemployment. (08 marks)
- (b) What are the limitations of the Keynesian theory of unemployment in developing countries? (12 marks)
- 3. (a) How do firms under perfect competition maximize profits in;
 - (i) Short run (06 marks)
 - (ii) Long run (06 marks)
- (b) Explain the merits and demerits of perfect competition on an economy. (08 marks)
- 4. (a) Given that in an economy, the final level of National income is shs.385 millions, MPC= 60% and the initial change in investment is shs. 50 millions. Determine the original level of National income. *final = A change x multiplier* (04 marks)
- (b) What factors influence investment levels in an economy? *level = 125m* (16 marks)
- 5. (a) Explain the role of the National budget in an economy. (10 marks)
- (b) Account for the persistent budgetary deficits in an economy. (10 marks)
- 6. (a) Explain the features of a good development plan. (06 marks)
- (b) What is the rationale for decentralized planning in an economy? (14 marks)
- 7. (a) Distinguish between **labour – saving** and **capital-saving** techniques of production. (04 marks)
- (b) Why should labour – saving technique of production be adopted by developing countries? *GREAT PLASM KIPIL* (16 marks)