

P220/2

ECONOMICS

Paper 2

Nov./Dec. 2001

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) Distinguish between excess capacity and overproduction.
(ii) Give two causes of excess capacity in your country.

(b) Study the table below showing the price and quantity purchased of commodity X and answer the questions that follow.

Price consumers are willing to pay(shs)	Units purchased
300	1
250	2
200	3
150	4
100	5
50	6

- (i) What is meant by consumer's surplus?
(ii) Calculate the consumer's surplus if 4 units of the commodity were purchased at Shs 150
- (c) Mention any four factors which limit occupational mobility of labour in your country.
- (d) Mention any four merits of the informal sector in your country.
- (e) State any four statistical problems faced while compiling national income in your country.
- (f) State any four social indicators of economic underdevelopment in your country.
- (g) (i) Differentiate between wage freeze and wage restraint.
(ii) Give any two causes of wage differential in your country.
- (h)(i) Distinguish between barter terms of trade and income terms of trade.
(ii) State any two causes of unfavourable terms of trade in your country.
- (i) Give any four measures applied to control inflation in your country.
- (j) (i) Distinguish between marginal propensity to save and marginal propensity to consume.
(ii) Give two determinants of marginal propensity to save in your country.

SECTION B: (60 MARKS)

2. (a) Explain the causes of agricultural price fluctuations in your country.
(b) What are the effects of such price fluctuations in your country?
3. (a) What are Multinational Corporations?
(b) Assess the contribution of Multinational Corporations to the development of your country.
4. (a) What are the features of an oligopoly market?
(b) Describe the forms of non- price competition used by oligopoly firms in your country.
5. (a) Distinguish between consumption multiplier and investment multiplier.
(b) Explain the factors which limit the effective operation of the investment multiplier in your country.
6. (a) Account for the unemployment problem in your country.
(b) Explain the measures being taken to tackle the unemployment problem in your country.
7. (a) Why is there a need for development planning in your country?
(b) What factors limit effective implementation of development plans in developing countries?
8. (a) Account for the privatization of public enterprises in your country.
(b) What problems have been faced in the privatization of public enterprises in your country?

END