

P220/1

ECONOMICS

Paper 1

Nov./Dec. 2012

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 (20 MARKS)**

***Answer all parts of this question.***

1. (a) (i) Given that the price of commodity x from Shs 1500 to Shs 1800 resulted into change in quantity demanded for commodity y from 600 units to 570 units; calculate the cross elasticity of demand.  
(ii) State the relationship between commodities X and Y.
- (b) (i) what is meant by the mixed economy?  
(ii) Give any three merits of a mixed economy.
- (c) (i) Distinguish between average product and marginal product.  
(ii) State any two factors that may lead to an increase in marginal product of labour.
- (d) (i) State Irving Fisher's equation of exchange.  
(ii) How is the value of money determined in Fisher's equation of exchange?
- (e) (i) Define the term regressive tax.  
(ii) State any three effects of regressive taxes in an economy.

## **SECTION B (80 MARKS)**

***Answer any four questions from this section.***

2. (a) State the Malthusian population theory.  
(b) Explain five ways in which the Malthusian population theory is relevant to developing countries.  
(c) State six limitations of the theory.
3. (a) Why do prices of agricultural products fluctuate?  
(b) What are the effects of agricultural products fluctuate?
4. (a) Explain the differences and similarities between pure monopoly and monopolistic competitive markets.  
(b) How does the existence of monopolistic completion competitive markets affect producers in your country?

5. (a) What are the features of an economic union?  
(b) Explain the factors that limit regional economic integration among the developing countries.
6. (a) What is meant by centralized planning?  
(b) Explain the rationale for centralized planning in an economy.
7. (a) Define the term nationalization of enterprises.  
(b) Examine the merits and demerits of nationalization of enterprises in an economy.

**END**