

P220/2

ECONOMICS

Paper 2

Nov./Dec. 2002

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) What is meant by term “price”?  
(ii) State any three methods of price determination in your country.
  
- (b) (i) Define the term “investment”.  
(ii) Mention any three factors that influence the level of investment in your country.
  
- (c)(i) What is subsistence output”?  
(ii) Give any three demerits of a large subsistence sector in your country.
  
- (d) Mention any four objectives of economic development in your country.
  
- (e) (i) What are “infant industries”?  
(ii) Suggest any three ways of protecting infant industries in your country.
  
- (f) (i) Given that the working population in a country is 12,000,000, the young population is 14,000,000 and the elderly population is 4,000,000, calculate the country’s dependency ratio.  
(ii) Give any two disadvantages of such a population structure.
  
- (g)(i) Distinguish between currency devaluation and currency depreciation.  
(ii) State any two effects of currency depreciation in your country.
  
- (h)(i) Differentiate between structural inflation and demand – pull inflation.  
(ii) Mention any two effects of demand – pull inflation in your country.
  
- (i)(i) What is the difference between taxable income and tax base?  
(ii) Give any two reasons for the narrow tax base in your country.
  
- (j) State any four causes of the poor performance of public enterprises in your country.

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

2. Distinguish between
  - (a) A firm and an industry.
  - (b) Assess the role of small- scale industries in the development of your country's country.
  
3. (a) Distinguish between national income valued at factor cost and national income valued at market price.  
  
(b) Suggest the steps that should be taken to increase the level of national income in your country.
  
4. (a) What, according to J.M. Keynes, are the solutions to the unemployment problem?  
  
(b) Explain the limitations of the Keynesian theory of unemployment in developing countries.
  
5. (a) Explain the objectives of the monetary policy in an economy.  
  
(b) What factors limit the successful implementation of the monetary policy in your country?
  
6. (a) Distinguish between trade creation and trade liberalization.  
  
(b) Examine the implications of trade liberalization on the economies of developing countries.
  
7. (a) What is the role of foreign aid in the economic development of your country?  
  
(b) Explain the problems associated with over relying on foreign aid.
  
8. (a) Assess the role of taxation in an economy.  
  
(b) Suggest ways of how tax collection can be improved in your country.

**END**