

P220/1

ECONOMICS

Paper 1

Nov./Dec. 2009

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)

Answer all parts of this question.

1. (a) (i) What is meant by price discrimination?
(ii) Give any three conditions necessary for the success of price discrimination in an economy.

- (b) (i) Differentiate between Gross Domestic Product (GDP) and Net Domestic Product (NDP).
(ii) Given GDP at factor cost for country Y is 300 billion £, indirect taxes (on expenditure) are 100 billion £, subsidies are 150 billion £, calculate the country's GDP at market price.

- (c) (i) Define the term "informal sector".
(ii) State any three of an informal sector.

- (d) (i) What are the characteristics of Rostow's Take-off stage of economic growth.
(ii) Give any two limitations of this theory.

- (e) (i) Define the term "labour efficiency".
(ii) Give any three factors that determine labour efficiency in an economy.

- (f) (i) State the Keynesian theory of unemployment.
(ii) Give any three solutions to the Keynesian unemployment problem.

- (g)(i) what is meant by the term "value of money"?
(ii) Mention any three factors that influence the value of money.

- (h) (i) Distinguish between comparative advantage and absolute advantage as used in international trade.
(ii) State any two assumptions underlying the principle of comparative advantage.

- (i)(i) Define the term "structural inflation".
(ii) Mention any three measures that can be taken to control structural inflation in an economy.

- (j)(i) Difference between a reproductive debt and a dead weight debt.
(ii) Mention any two ways of managing a public debt.

SECTION B :(60 MARKS)

Answer any three questions from this section.

2. (a) Distinguish between an increase in supply and an increase in quantity supplied of a commodity.
(b) Explain the challenge being faced by the private sector in developing countries.
3. (a) Explain the challenges being faced by the private sector in developing countries.
(b) What measures should be taken to promote the private sector in developing countries.
4. (a) Explain the factors that determine economic growth to a country.
(b) State the benefits of economic growth to a country.
5. (a) Explain the Malthusian population theory.
(b) To what extent is this theory relevant in developing countries?
6. (a) Illustrate how profits are maximized under monopoly.
(b) Explain the merits and demerits of monopoly in an economy.
7. (a) Define the term “perspective planning”.
(b) Explain the factors limiting economic development planning in developing countries.
8. (a) Distinguish between direct taxes and indirect taxes.
(b) Assess the impact of direct taxes on an economy.

END