

P220/1
Economics
Paper 1
July / August 2019
3hours

BUGANDA EXAMINATIONS COUNCIL MOCKS 2019

Uganda Advanced Certificate of Education

ECONOMICS

PAPER 1

3HOURS

INSTRUCTIONS TO CANDIDATES

- Answer **five** questions only
- Section **A** is compulsory. Answers to this section should be precise and 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)

- 1a) (i) What is meant by a market price? (01 mark)
(ii) Mention any three factors that influence commodity price in an economy. (03 marks)
- b) (i) Define subsistence sector. (01 mark)
(ii) Give any three demerits of a large subsistence sector in an economy. (03 marks)
- c) (i) Define disguised unemployment. (01 mark)
(ii) State any three causes of disguised unemployment in an economy. (03 marks)
- d) (i) Define the term value of money. (01 mark)
(ii) Give any three factors that limit the value of money in an economy. (03 marks)
- e)(i) What is meant by the term “Tied Aid”? (01mark)
(ii) Give any three problems associated with relying on Foreign aid in developing countries. (03marks)

SECTION B (80 MARKS)

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

- 2(a) Differentiate between consumption multiplier and investment multiplier. (04 marks)
(b) Discuss the factors that limit the effective operation of the investment multiplier in an economy. (16 marks)
- 3(a) Explain the benefits of economic growth in an economy. (10 marks)
(b) Suggest measures that should be taken to increase the rate of economic growth in an economy. (10 marks)
- 4(a) Distinguish between a minimum wage and a living wage. (04 marks)
(b) Explain the factors that influence the level of wages in an economy. (16 marks)
- 5(a) What are the causes of cost push inflation in an economy? (06 marks)
(b) Explain the costs of inflation in an economy. (14 marks)
- 6(a) Explain the role played by taxes in an economy. (10 marks)
(b) What are the demerits of taxes in an economy? (10 marks)

END