



## WESTERN JOINT MOCK EXAMINATIONS

Uganda Advanced Mock Examination

**ECONOMICS**

**Paper 1**

3 hours

### INSTRUCTIONS TO CANDIDATES

- Answer **five** questions only
- 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
- Any additional questions attempted will **not** be marked

**SECTION: A(20 MARKS)**

1. (a)(i) Given an increase in the price of commodity X from shs. 4000 to shs.6000 per kg led to a decrease in quantity demanded of commodity Y by 20%. Calculate the cross elasticity of demand. (3 marks)  
ii) How is commodity Y and X related? (1 mark)
- (b)(i) Differentiate between leakages and injections into circular flow of National income. (02 marks)  
ii) Mention any two examples of injections. (02 marks)
- (c)(i) Distinguish between currency devaluation and currency depreciation.(02 marks)  
ii) Given that the exchange rate is 1\$ = 3500ugshs, calculate the new exchange rate after valuation of the shilling by 20%. (02 marks)
- (d) i) Distinguish between liquidity preference and cash ratio. (02 marks)  
ii) State factors that are responsible for high liquidity preference in an economy. (02 marks)
- (e) (i)Distinguish between regressive tax and proportional tax. (02 marks)  
ii) Mention any two advantages of regressive taxes in an economy.(02 marks)

**SECTION B (80 MARKS)**

2. (a) Explain the role of price mechanism in the allocation of resources in an economy. (08 marks)  
(b) Developing countries should mainly rely on price mechanism for resource allocation” Discuss. (12 Marks)
3. (a) How are profits maximized by an oligopoly firm in the short run?(08 marks)  
(b) Explain the implications of the existence of oligopoly in an economy. (12 marks)
4. (a) Distinguish between nationalization and privatization of firms. (04 marks)  
(b) Explain the effects of privatization of public enterprises in an economy. (16 marks)
5. (a) Differentiate between balanced growth and unbalanced growth strategies of economic growth. (04 marks)  
(b) Examine the merits and demerits of the balanced growth strategy in developing countries. (16 marks)
6. (a) (i) what are objectives of Trade Unions? (06 marks)  
(ii) Describe the characteristics of Trade Unions in developing countries.(06 marks)(b) Explain the problems faced by Trade Unions in third world countries.(08 marks)
- 7.(a) Explain the objectives of drawing an unbalanced budget. (10 marks)  
(b) What could be the causes of persistent budgetary deficit in an economy? (10mrks)

**END**