ELITE EXAMINATION BUREAU MOCK 2019

Uganda Advanced Certificate of Education

ECONOMICS

Paper1

3Hours

INSTRUCTIONS TO CANDIDATES

- *Answer **five** questions.*
- *Section **A** is compulsory. Answers to this section are concise.*
- *Answer **four** questions in section **B**.*
- *Credit will be given for the use of relevant diagrams.*

SECTION A: (20 MARKS)

1. a(i) Define the term "Price" (1mark)
   (ii) Mention any three factors that influence commodity price in an economy. (3marks)

   b(i) State the law of variable factor proportions (1marks)
   (ii) Give any three assumptions underlying the law of variable factor proportions (3marks)

   c(i) Distinguish between a fixed exchange rate and a managed exchange rate. (2marks)
   (ii) State any two merits of a fixed exchange rate in an economy. (2marks)

   d(i) What is meant by the term "Value of money"? (1mark)
   (ii) Mention any three factors that influence the value of money in an economy. (3marks)

   ei) Differentiate between piece rate and time rate method of wage payment. (2marks)
   (ii) Give any two merits of using the piece rate method of wage payment. (2marks)

SECTION B (80MARKS)

2. a) Distinguish between aggregate demand and market demand. (4marks)
   b) Explain the factors that influence aggregate demand in an economy. (16marks)

3. a) Explain the sources of monopoly power in an economy. (10marks)
   b) Explain the measures that can be taken to control monopoly power in an economy. (10marks)

4. a) Examine the causes of inequitable distribution of income in an economy. (10marks)
   b) What are the adverse effects of inequitable distribution of income in an economy? (10marks)

5. a) Explain the functions of a central bank. (8marks)
   b) How does a central bank control credit creation by commercial banks? (12mrks)

6. a) Why do countries undertake protectionism? (10marks)
   b) What are the dangers associated with protectionism in an economy? (10marks)

7. a) Explain the forms of privatization. (4marks)
   b) Examine the impact of privatization in an economy. (16marks)

END