

Name: ..... Index No: .....

Signature: .....

*P220/2*  
*Economics*  
*June, 2019*  
*3 Hours*

**EXTERNAL MOCK EXAMINATIONS**  
**Uganda Advanced Certificate of Education**  
**ECONOMICS**  
**Paper 2**  
**3 Hours**

**INSTRUCTIONS TO CANDIDATES:**

- Attempt **FOUR** questions *ONLY*.
- Section A is compulsory.
- Answers to section A should be precise and concise.
- Attempt **THREE** questions from section B.
- All questions in section B carry equal marks.
- Credit will be given for use of relevant diagrams.
- Any additional questions attempted will not be marked.

**SECTION A: (20 Marks)**  
**Answer ALL parts of this section**

1. (a) Given that Mr. Kikonyogo's income increased from shillings 250,000 to 350,000 and this led to a reduction in quantity demanded by 40%.
  - (i) Calculate the relevant elasticity. (3 mks)
  - (ii) State the nature of commodity. (1 mk)
- (b)(i) Distinguish between labour saving technology and capital saving technology. (2 mks)
- (ii) Mention two merits of labour saving technology. (2 mks)
- (c) (i) Define the term trade unions. (1 mks)
- (ii) Give three ways of determining wages in your country. (3 mks)
- (d) (i) Distinguish between disguised unemployment and under employment. (2 mks)
- (ii) State two solutions to disguised unemployment. (2 mks)
- (e) Mention the methods used by the central bank to control credit creation. (4 mks)

**SECTION B (80 Marks)**  
**Answer any three questions from this section**

2. (a) Account for the persistent price instabilities of agricultural products in your country. (10 mks)
- (b) Examine the effects of price instabilities of agricultural products in your country. (10 mks)
3. (a) Explain how a firm under oligopoly maximizes profits in the short run. (6 mks)
- (b) Discuss the implications of oligopoly market structure in your country. (14 mks)
4. (a) Describe the process of credit creation. (8 mks)
- (b) Examine the factors that affect credit creation process in your country. (12 mks)
5. (a) Explain the Malthusian population theory. (6 mks)
- (b) To what extent is the theory applicable to your country? (14 mks)
6. (a) What is the rationale of protectionism in your country? (10 mks)
- (b) Discuss the adverse effects of protectionism in your country. (10 mks)
7. (a) Explain the principles of good taxation. (8 mks)
- (b) Why is it necessary to levy taxes in your country? (12 mks)

***E N D***