**P220/1**

**ECONOMICS**

**Paper 1**

**Jul /Aug 2019**

**3 hours**



**MUKONO EXAMINATION COUNCIL**

**Uganda Advanced Certificate of Education**

**ECONOMICS**

**Paper 1**

**3 hours**

**INSTRUCTIONS**

*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 extra question attempted will not be marked.*

*Credit will be given for use of relevant diagrams.*

**SECTION A (20 MARKS)**

1. (a) (i) What is a free market economy ***(02 marks)***

(ii) Give three merits of a free market economy. ***(02 marks)***

(b) (i) Distinguish between GDP and NNP. ***(02 marks)***

(ii) Given GDP at factor cost, Net income from abroad is 350 billion dollars, Negative taxes

amount to 50 billion dollars, Outlays are worth 300 billion dollars and the Capital

consumption allowance is 150 billion dollars, Calculate for the NNP at market price? ***(02 marks)***

(c) (i) State the big push theory. ***(01 marks)***

(ii) Mention three limitations of the big push theory. ***(03 marks)***

(d) (i) Differentiate between tariff and non – tariff barriers to trade. ***(02 marks)***

(ii) Mention two examples of non-tariff barriers in economy.  ***(02 marks)***

(e) (i) What is foreign aid. ***(01 marks)***

( ii) Outline three dangers of relying on foreign aid for developing countries.  ***(03 marks)***

**SECTION B (8O MARKS)**

2. a) Distinguish between productivity of labour and efficiency of labour.  ***(04 marks)***

b) Explain factors that influence the productivity of labour in Uganda. ***(16 marks)***

3. a) Describe how output, price and profits are determined in an oligopolistic market.

***(06 marks)***

b) Assess the impact of oligopoly markets in Uganda.

4. a) Distinguish between cost of living and standard of living. ***(04 marks)***

b) Suggest measures that can be taken to improve the standard of living in developing

countries. ***(16 marks)***

5. a) What are the objectives of the monetary policy. ***(06 marks)***

b) Explain the factors limiting effective operation of the monetary policy in an economy.

***(14 marks)***

6. a) Explain the benefits of privatization in an economy. ***(10 marks)***

b) What are the obstacles to the privatization process in developing countries? ***(10 marks)***

7. a) Distinguish between the customs union and common market as used in economic

interpretation. ***(04 marks)***

b) Assess the consequences of economic integration in an economy. ***(16 marks)***

**END**