**P220/2**

**ECONOMICS**

**Paper 2**

**July /Aug 2019**

**3 hours**



**MUKONO EXAMINATION COUNCIL**

**Uganda Advanced Certificate of Education**

**ECONOMICS**

**Paper 2**

**3 hours**

**INSTRUCTIONS**

*Answer* ***five*** *questions in all.*

*Section* ***A*** *is compulsory. Answers to this section should be precise and concise.*

*Answer* ***four*** *questions from section* ***B****.*

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

*All questions in section* ***B*** *carry equal marks.*

*Any extra questions attempted will not be marked.*

**SECTION A (20 MARKS)**

1. (a) (i) Define marginal efficiency of capital. ***(01 mark)***

(ii) State three causes of low marginal efficiency of capital in Uganda. ***(03 marks)***

(b) (i) Distinguish between voluntary unemployment and involuntary unemployment.

***(02 marks)***

(ii) Give two effects of involuntary unemployment in Uganda. ***(02 marks)***

(c) (i) What is meant by the term money supply? ***(01 mark)***

(ii) Mention three determinants of money supply in Uganda. ***(03 marks)***

(d) (i) Differentiate between a deficit budget and a surplus budget. ***(02 marks)***

(ii) State two disadvantages of deficit budgets in Uganda. ***(02 marks)***

(e) Outline four characteristics of the labour force in Uganda. ***(04 marks)***

**SECTION B (80 MARKS)**

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

2. a) What is the role of the price mechanism in the allocation of resources in Uganda.

***(10 marks)***

b) Account for government intervention in the operation of price mechanism in Uganda.

***(10marks)***

3. a) Explain the demerits of income inequality in Uganda. ***(08 marks)***

b) Examine the measures being used to reduce income inequality in Uganda.  ***(12 marks)***

4. a) What are the characteristics of the private sector in Uganda.  ***(06 marks)***

b) Assess the factors that have influenced performance of the private sector in Uganda.

***(14 marks)***

5. a) Explain the instruments of protectionism used in Uganda.  ***(08 marks)***

b) Discuss the implications of protectionism in Uganda.  ***(12 marks)***

6. a) Distinguish between the balanced growth and the unbalanced growth strategies of

economic development.  ***(04 marks)***

b) Assess the merits and demerits of adopting the balanced growth strategy in Uganda.

***(16 marks)***

7. (a) Explain the tools used by labour organizations to achieve their objectives.  ***(08 marks)***

(b) Account for the failure of labour organizations to achieve their objectives in Uganda.

***(12 marks)***

**END**