P220/2

**ECONOMICS**

**PAPER 2**

JULY/AUGUST 2016

3HRS



WESTERN JOINT MOCK EXAMINATIONS

Uganda Advanced Certificate of Education

**ECONOMICS**

**PAPER 2**

3HOURS

**INSTRUCTIONS TO CANDIDATES:**

* Section A is compulsory and attempt only four questions from section B
* Credit will be given for use of relevant examples
* Any extra questions will not be marked

**SECTION A (20MARKS)**

1. (a) (i) Define the term “income elasticity of demand”. **1mk**

(ii) State any three uses of income elasticity of demand in your country. **3mks**

(b) (i) Distinguish between Horizontal and vertical merging of firms. **2mks**

(ii) Give any two reasons for the merging of firms in your country. **2mks**

(c) (i) Differentiate between the investment multiplier and government multiplier. **2mks**

(ii) Given that the mpc in an economy is 0.7 and there is a change in investiment of shs. 50 million. Calculate the;

* Investment multiplier **1mk**
* Final change in income in the economy **1mk**

(d) (i) Distinguish between economic dependence and economic interdependence **2mks**

(ii) State any two forms of economic dependence in your country **2mks**

(e) (i) Define the term trade liberalization **1mk**

(ii) Give any three advantages of trade liberalization in your country. **3mks**

**SECTIONB (80MARKS)**

2. (a) Distinguish between capital formation and capital appreciation? **4mks**

(b) Explain the determinants of the level of capital formation in your country **8mks**

3. (a) Describe the features of an oligopolistic market in your country **8mks**

(b) Explain the merits and demerits of oligopolistic market in your country **12mks**

4. (a) What is meant by multinational corporations? **4mks**

(b) Asses the impact of multinational corporations in in your country **16mks**

5. (a) Describe the features of the industrial sector in your country **10mks**

(b) Explain the policy measures being adopted to improve the industrial sector in your country **10mks**

6. (a) Explain the significance of National budget as a tool of Economic development in your country **10mks**

(b) Account for the persistent budget deficits in your country **10mks**

7. (a) Explain the causes of deteriorating terms of trade in your country **10mks**

(b) Explain the policy measures that should be adopted to improve terms of trade in your country **10mks**

**END**