**P220/1**

**ECONOMICS**

**PAPER 1**

**AUGUST,2016**

**3 HOURS**

**Uganda Advanced Certificate of Education**

**RESOURCEFUL MOCK 2016**

**ECONOMICS**

**Paper 1**

***3 Hours***

**INSTRUCTIONS:**

* *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 graphs.*

**SECTION A: (20 Marks)**

1.(a)(i) Distinguish between **gross domestic product of factor costs** and

**net national product of market price**. *(02mks)*

(ii) Given gross domestic product of factor costs, what adjustments are required to

obtain net national product at market prices? *(02mks)*

(b)(i) Differentiate between **big push theory** and **balanced growth theory** of

economic growth. *(02mks)*

(ii) State any **two factors** that limit the implementation of big push strategy of

economic growth in your country. *(02mks)*

(c)(i) Distinguish between **frictional** and **structural** unemployment. *(02mks)*

(ii) Mention **two causes** of frictional unemployment in a market economy. *(02mks)*

**TURN OVER**

(d)(i) Distinguish between **currency devaluation** and **currency depreciation.** *(02mks)*

(ii) Given the **exchange rate** of 1 U.S $ for Shs.2,900, if Uganda devalued her currency

By **10%**. Calculate the **new exchange rate**. *(02mks)*

(e)(i) Distinguish between **reproductive** and **dead weight debt**. *(02mks)*

(ii) State **two methods** of settling public debts in developing countries. *(02mks)*

**SECTION B: (80 Marks)**

***Attempt any four questions in this section***

2.(a) Distinguish between **price legislation** and **price discrimination**. *(04mks)*

(b) Discuss the **reasons** for the existence of price legislation in a market economy*(16mks)*

3.(a) Differentiate between **economic growth** and **economic under-development**.*(04mks)*

(b) Discuss the **factors** that influence economic growth rate in developing economies.

*(16mks)*

4.(a) State the **marginal productivity theory of distribution**. *(02mks)*

(b) Examine the **applicability** of the marginal productivity theory of distribution to

developing economies. *(18mks)*

5.(a) Distinguish between **cost push inflation** and **demand pull inflation**. *(04mks)*

(b) To what **extent** is inflation in developing economies caused by rising costs of

production. *(16mks)*

6.(a) Describe the **features** of an economic union. *(06mks)*

(b) Discuss the **factors** that limit economic integration in developing economies. *(14mks)*

7.(a) Distinguish between **centralized** and **decentralized planning**. *(04mks)*

(b) Examine the **implications** of decentralized planning in developing economies. *(16mks)*

# END.