

P220/1
ECONOMICS
Paper 1
July/August.2023
3 hours



UGANDA TEACHERS' EDUCATION CONSULT (UTEC)

Uganda Advanced Certificate of Education

ECONOMICS

Paper 1

3 hours

INSTRUCTIONS TO CANDIDATES:

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.

Credit will be given for use of relevant diagrams.

*Any additional question(s) answered will **not** be marked.*

SECTION A (20 MARKS)

Answer all parts of this question

1. (a) (i) Distinguish between the **multiplier** and **accelerator** principle as used in Economics. (02 marks)
- (ii) Given that the **Marginal Propensity to consume (MPC)** is 80% and change in income is shs 1,000,000. Calculate the:
- Multiplier (01 mark)
 - Change in investments. (01 mark)
- (b) (i) State the **big push theory** of economic growth. (01 mark)
- (ii) Mention any **three** benefits of adapting the big push theory in developing countries. (03 marks)
- (c) (i) What is meant by the term **trade diversion**? (01 mark)
- (ii) Give any **three** effects of trade diversion in an economy. (03 marks)
- (d) (i) Distinguish between **money supply** and **demand for money**. (02 marks)
- (ii) Mention any **two** motives of demand for money. (02 marks)
- (e) Suggest any **four** policies that can promote the growth of private sector in an economy. (04 marks)

SECTION B (80 MARKS)

Answer any four questions from this section

- ✓2. (a) What is meant by the term **Capital accumulation**? (02 marks)
- (b) Examine the factors that influence the rate of capital accumulation in an economy. (18 marks)
- ✓3. (a) How are profits maximized in **monopoly market structure**? (04 marks)
- (b) Explain the implications of monopoly in an economy. (12 marks)

- ✓ 4. (a) Distinguish between **looking industrial** strategy and **outward looking industrial** strategy. (04 marks)
- (b) What are the merits and demerits of inward looking industrial strategy in developing countries? (16 marks)
- ✓ 5. (a) Differentiate between a **perspective plan** and a **comprehensive plan**. (04 marks)
- (b) Suggest measures that should be adopted to improve economic development planning in developing countries. (16 marks)
6. (a) Distinguish between a **minimum wage** and a **subsistence wage**. (04 marks)
- (b) Explain the merits and demerits of fixing a minimum wage in an Economy. (16 marks)
7. (a) What is the role of the National Budget in an economy? (10 marks)
- (b) Suggest measures that should be taken to control budgeting deficits in developing countries. (10 marks)

END