

## ANSWERING QUESTIONS IN ECONOMICS

Economics is examined at advanced level as a principle subject. It is one of those subjects that cut across Arts and Science combinations. It is a popular subject, however many students are challenged when it comes to answering questions.

In this edition, we try to point out the proper question answering techniques that will ensure quality grades in the subject.

### **Question interpretation**

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Students are encouraged to read and understand each and every word in the question to ensure proper interpretation.

The setters of questions dictate the nature of the answer to be given and the student is expected to be in line with the wishes of the setter for proper interpretation.

Students are encouraged to read the question a number of times until they are sure of the answer. Clarity must be emphasised by the learners while answering the questions. Unclear answers lead to loss of marks.

### **Parts of a question.**

There are three main parts of a question and these determine the nature of the answer to be written. They include;

1. **Qualifier.** This is a word or group words that indicate what the respondent to the question must do e.g. explain, examine, assess, analyze, how, why, state, give, outline etc.
2. **Key word(s).** This indicates what the respondent must work upon e.g. causes, effects, intentions, challenges etc.
3. **Concept.** This indicates what is being examined e.g. Price mechanism, inflation, demand, changes in demand etc.

### **Examples:**

1. Explain the role of price mechanism in the allocation of resources in an economy.

Qualifier	- explain
Key word	- role
Concept	- price mechanism

The question requires only positive roles

2. Assess the role of price mechanism in the allocation of resources in an economy.  
The question requires both positive and negative roles due to the change of the qualifier from explain to assess which requires a critical analysis of the roles.

## **Parts of an answer**

There are two main parts of an answer to the question and they include;

1. **Statement of the point:** This should clearly answer the question as vague statements will lead to loss of marks. Avoid hanging answers and ensure that every statement of the point has a qualifier e.g. size of the market and not 'market', level of skills' and not 'skills', leads to creation of employment' and not 'employment' etc.
2. **Explanation of the point:** This should clearly expound on the statement of the point and the respondent should restrict himself to the point statement. Explanations in economics should clearly bring out the 'how' or 'why' as the situation may demand.

## **Structure and demands of the papers in Economics:**

### **P220/1:**

This tests learners on knowledge of Economics theory and concepts without emphasizing application. It requires a student to have good knowledge of the economics theory and concepts of economics.

The questions are open ended(**nonrestrictive**) because they don't tie the respondent to any particular economy. This therefore allows a variety of answers to the learners. e.g. What are features of oligopolistic firms? This accommodates all the features as studied in class.

In this paper the present simple tense is used when answering questions on outcomes, causes, roles and contributions while for solution questions strictly the future tense is used.

### **P220/2:**

This tests learners on their ability to apply the concepts learnt in context of Uganda. It requires learners to have facts about Uganda's economy. The questions are highly restrictive since the learners are tied to only what happens in Uganda.

In this paper the present simple tense is used when answering questions on outcomes, roles and contributions while for causes we can use present simple tense, present continuous tense and past tense depending on the question. Solution questions require a candidate to use the future tense, past tense and present continuous tense.

**Note:** The questions for both papers are selected from the same content, therefore there are no specific topics for each paper.

Both papers have two sections A and B

### **SECTION A**

The questions in this section require short but complete answers. i.e. precise and concise. Learners are encouraged to write meaningful statements. The common qualifiers used include; define, state, list, outline, give etc. It requires one to have read comprehensively since the questions are few and are chosen from a wide range of topics and sub-topics. e.g. State two roles of price mechanism in the allocation of resources in an economy.

- Give four sources of monopoly power in Uganda

### **SECTION B**

This requires the student to explain explicitly the points given. The explanation depends on the key words and the concept used in the question.

In most cases the setters do not indicate the number of points to be given but the candidate can be guided by the marks allocated to the question. The candidate is encouraged to give adequate number of points.

The points should be well stated and explained depending on the nature of the question.

## **EXAMINABLE AREAS IN ECONOMIES**

Questions in economics focus on the following areas

1. Causes
2. Solutions
3. Outcomes
4. Role/contribution
5. Importance
6. Intentions
7. Conditions
8. Features
9. Procedures
10. Theories

### **CAUSES:**

A cause is a factor which when happens or occurs has the ability to bring about an effect or a change in a situation or an activity. Some causes are deliberate while others are not deliberate (unintended).

**Deliberate causes;** these can be manipulated to bring about a positive effect or negative effect/change.

The common terms used by the setters for deliberate causes include;

Factors influencing, affecting, determining, limiting, promoting etc.

**Example:**

**Explain the factors that affect the level of demand in an economy**

The question requires a neutral/well balanced statement and explanation of the point.

**Sample answer:**

1. Level of income: low level of income limits demand because the consumers have a low purchasing power, while high level of income leads to high demand because the consumers have a high purchasing power.

**Explain the factors that lead to low demand for a commodity.**

Note: the question requires biased but negative statement and explanation of the point.  
e.g. low income: consumers buy small quantities of goods due to low purchasing power.

**Explain the factors that may lead to high demand for a good.**

**Note:** The question requires biased but positive answers.

e.g. High level of income. Consumers buy big quantities of goods because they have a high purchasing power.

**Discuss the factors that may lead to a change in demand for a commodity**

**Note:** The question requires neutral/well balanced statement and explanation of the point but indicating a **change** or a **shift** in the answers.

**Sample answer**

Change in income of the consumers. An increase in income increases demand because of a rise in the consumer's purchasing power while a decrease in income leads to a fall in demand because of a reduction in the purchasing power.

**Explain the factors that may lead to a fall in demand for a good.**

**Sample answer**

Decrease in income: consumers buy less quantity of the good due to a fall in their purchasing power.

**Discuss the factors that may lead to an increase in demand for a good**

### **Sample answer**

Increase in income: consumers buy more quantities of a good due to a rise in their purchasing power

### **Unintended causes:**

These are factors that happen uninfluenced or without manipulation and they usually lead to negative effects/change.

e.g. **Explain the factors that are responsible for the instabilities in prices of agricultural products in Uganda.**

**Note:** The answers should focus on what causes an increase or decrease in prices of agricultural products.

### **Sample answer.**

Long gestation period of agricultural products. The supply of agricultural products cannot be increased in the short-run which leads to shortages in the short-run leading to increase in prices however supply increases in the long-run as farmers harvest and bring to the market which leads to a decrease in prices.

### **Explain the causes of inflation in Uganda.**

**Note:** Emphasis should be put on what triggers prices to rise but not necessarily being high.

### **SOLUTIONS:**

A solution is answer/remedy to a problem/challenge. Solutions are given in form of measures/steps/policies/ways. Good measures/solutions should have the following characteristics:

- 1.It should be workable and with measurable output. i.e. one should be able to determine the effect of the measure.
- 2.It should indicate effort e.g. Something being done, been done, to be done i.e. solutions don't happen miraculously.
- 3.It should indicate the period of action(tense)
- 4.Explanations to solutions should focus on how the measures solves the problem and not how you achieve the measure.

### **Example:**

1. Suggest measures that **should be taken** to increase the rate of economic growth in Uganda.

**Note:** This is an opinion seeking question which requires one to express an idea to solve the problem at hand. The candidate should suggest a measure using the future tense.

**Sample answer:**

Improve the state of infrastructure/ infrastructure should be improved e.g. construct better roads. This will reduce the costs of transportation of goods to markets and attracts more to invest and increase production.

1.Explain the measures that **have been taken** to increase the rate of economic growth in Uganda.

Note: This requires a student to give measures which are already on ground and therefore using past tense/ past participle(has/have). Suggestive answers are not applicable in this case.

**Sample answer.**

Improved infrastructure/ infrastructure has been improved e.g. better roads have been constructed. This has lowered transportation costs of goods to the markets which has attracted people to invest and increase production.

Explain the measures that **are being taken** to increase the rate of economic growth in Uganda.

Note: This requires the student to give measures that are happening now or are ongoing. This necessitates the use of present continuous tense (now tense).

**Sample answer**

Improving infrastructure/ infrastructure is being improved e.g. better roads are being constructed. This is reducing transportation costs of goods to the market and attracting many people to invest and increase production.

Note: To avoid giving wrong/irrelevant solutions, one should know the nature of the problem to be solved.

**Sample answer.**

Political instability: This destroys productive infrastructure e.g. destroys factories and roads which brings production to a standstill leading to shortages in the market and hence increasing prices of goods.

**OUTCOMES.** These are results of a process/situation/activity. The common terms used by setters to indicate outcomes include; effects/consequences/impacts/ implications.

These may be positive or negative. Positive outcomes are also known as benefits/merits/advantages while negative outcomes can be called dangers/ costs/ demerits/ adverse effects/shortcomings/defects.

**Note:** The statement of the outcome should be a direct result of the process/activity and not a secondary one. The explanation of the outcome should focus on how the process leads to the outcome and not the effect of the effect.

E.g.: 1. Explain the effects of economic growth in Uganda

2. Assess the effects of economic growth in Uganda.

**Note:** The two questions require both positive and negative outcomes.

#### **Sample answer of a positive effect**

1. **Increases government revenue.** This is because many investments firms /economic activities are set up and the government imposes taxes on their incomes/profits.

**Note:** It may not be necessary to show the use of the tax revenue.

#### **Sample answer of a negative effect**

2. **Leads to rural urban migration and its evils.** This is because rising levels of urbanization attracts many people to leave rural areas and go to urban areas to look for employment.

**Discuss the benefits of economic growth in Uganda.** This requires only the positive outcomes of the process.

**Explain the costs of economic growth in Uganda.** This requires only the negative outcomes of the process.

There are some concepts in Economics which are negative in nature such that even when one is asked to explain or assess the effects, only negative effects are given e.g.

1. Explain the effects of hyperinflation in an economy.
2. Explain the effects of unemployment in Uganda

**Note:** Sometimes setters demand for outcomes indirectly when they use key words such as case for and against, arguments for and against. Such questions are set using the qualifier “discuss”

#### **Sample questions**

1. “Developing countries should rely on foreign aid to achieve a faster rate of economic growth”. Discuss
2. Explain the arguments for and against relying on foreign aid in developing countries.

3. Explain the case for and against relying on foreign aid in developing countries.

The questions above require the candidate to give the likely outcomes of relying on foreign aid in developing countries.

Learners are advised to use the present simple tense when stating and explaining the outcomes for both paper one and two.

**ROLE/ CONTRIBUTION:** These are in most cases confused with outcomes which is not right. This is because roles and contributions are duties/responsibilities which are performed or done on a regular basis. Due to the nature of roles and contributions, certain precautions have to be taken by candidates when answering such questions and these include;

1. The recommended tense is present simple tense e.g. promotes,
2. Roles and contributions should not be stated as objectives e.g. don't use "to" etc.
3. Avoid using words like "leads", "results", "helps" because they will indicate an outcome and not a role.

**Note:** Roles and contributions are positive in nature. Therefore, a candidate is not expected to give negative roles except in certain situations.

When setters use qualifiers such as explain, describe and what ... the candidate is expected to give only the positive role.

Examples;

1. Explain the role of price mechanism in resource allocation in an economy
2. Describe the contribution of public enterprises in the development of Uganda
3. What is the role the informal sector in Uganda?

However, when the setter uses qualifiers such as examine and assess, the candidate is expected to give two sides i.e. the roles/contributions and the demerits.

**Examples**

1. Assess the role of price mechanism in resource allocation in an economy
2. Examine the contribution of public enterprises in Uganda

**IMPORTANCE:** This refers to the significance or use of something. The setter can use importance or significance or use as key words in the question and the presentation of the answers remains the same.

**Examples:**



1. Explain the importance of a national budget in Uganda
2. Explain the significance of a national budget in Uganda
3. Explain the uses of a national budget in Uganda

**Sample answer**

Used to generate government revenue. The government identifies tax and non-tax sources of revenue.

Used to promote economic growth. The government provides incentives to the producers to lower the costs to increase production.

**INTENTIONS:**

These are targets set to be achieved in a given period of time. They indicate what one intends to achieve in some time to come. Common terms used by setters to indicate intentions include; objectives, aims, purpose, rationale, motive, why, account for etc.

The easiest way to present intentions is to use qualifiers such as “To”, “In order to”, “so as to” “for purposes of”.

Some questions are direct while others are not.

**DIRECT QUESTIONS:** Such questions are easy to interpret because the key word is leading.

1. What are the **objectives** of measuring national income in Uganda?
2. Explain the **aims** of compiling price indices in an economy

**INDIRECT QUESTIONS:** Such questions are not easy to interpret because the key word is hidden

**1. Why is it necessary to encourage economic liberalisation in Uganda?**

**2. Account for the need to promote economic liberalisation in Uganda**

**Note:** The intention is to target benefits i.e. the candidate turns the benefits into objectives.

Both the benefits and objectives have the same explanation

**Sample answer:**

**To increase employment opportunities.** This is because the government will ease restrictions on economic activities which will attract many people to set up economic activities and increase jobs.

**Why may economic liberalisation be discouraged in Uganda?** The question requires one to set targets to get rid of the demerits.

**Note:** The intention is to remove or minimise demerits.

The explanation focuses on how do away with the demerit.

**Sample answer**

**To ensure stable prices of goods.** This is because with reduced liberalisation the state will have control over the prices of goods and hence minimise the influence of forces of demand and supply.

**CONDITIONAL/CIRCUMSTANCIAL QUESTIONS:**

A condition is a situation/factor that seems to be very paramount or necessary for something to happen or to be done.

Conditional questions are of two types namely;

1. Conditional questions that require one to give a condition that justifies one's action, with such questions the learners are encouraged to use qualifiers such as **when, where, in case, if** etc. When making statement of the points.

**Examples:**

Under what circumstances may price mechanism be encouraged?

**Sample answer:**

When there is need there is need to improve the quality of goods. This is because it will encourage competition among the producers.

Under what circumstances may price mechanism be discouraged?

**Sample answer**

If there is need to stabilise the economy. This is because the state will control prices and interest rate and thus avoid fluctuations.

2. Conditional questions that require the candidate to give the conditions that must exist for something to happen.

**Examples:**

1. Explain the conditions necessary for price discrimination to succeed

**Sample answer:**

The seller **must** be a monopolist

2. Explain the conditions necessary for devaluation to succeed

**Sample answer**

The demand for exports **should** be price elastic

3. Discuss the conditions that are necessary for economic integration to succeed

**Sample answer**

The countries **should** in the same region

Explain the conditions that should exist for development planning to succeed in Uganda.

**Sample answer**

There **should** be good infrastructure

**FEATURES/CHARACTERISTICS/TRAITS:**

A feature is a statement which describes the identify of something. Many aspects/concepts in economics have got features. Learners are advised to use qualifiers while stating features in order to give them clear meanings. The common qualifiers used are mainly, many, majorly, high, few etc.

**Note:** a qualifier is a word or a group of words added to the points stated to give it meaning i.e. it reveals the quantity or the extent of something

e.g. What are the features of the agricultural sector in Uganda?

**Sample answers**

- Majorly rural based
- Mainly labour intensive
- Few cash crops grown

**Note:** qualifiers may not be used for certain features for fear of distorting the meaning e.g. features of market structures and some of the features of Uganda's economy.

**Examples**

1. What are the features of monopoly power?

Existence of one producer and Not mainly one producer

2. What are features of Uganda's economy?

It is an open economy and Not mainly an open economy

**PROCEDURAL QUESTIONS:** These require a candidate to present the points in a systematic and logical way.

**Examples:**

1. How is the cost of living index compiled in Uganda?
2. Explain the process of credit creation

**ECONOMICS THEORIES:** These are people's thoughts about how certain things happen.

They are supported by assumptions to ensure that the desired effect is achieved.

The common theories studied in Economics include;

1. Rostow's stages of economic growth
2. Balanced growth theory
3. Unbalanced growth theory
4. Keynesian theory of unemployment
5. Marginal productivity of wages
6. Comparative and absolute costs advantages
7. Malthusian theory of population growth
8. Iron law/subsistence of wages

The main interest of the setter on theories is on the following aspects;

1. **Statement of the theory:** this requires the candidate to write briefly about the originator of the theory
2. **Explanation of the theory:** this requires the candidate to write the statement of the theory and give more description about.
3. **Assumptions:** A question on assumptions requires the candidate to write the statements that supports the theory.
4. **Relevancy/applicability of the theory:** This requires the candidate to give aspects of the theory that are in agreement with the current situation in the economy.
5. **Irrelevancy/inapplicability/limitations/criticism of the theory:** This requires the candidate to give aspects of the theory that are not in agreement with the current situation in the economy.

**Sample questions:**

1. State the Malthusian theory of population growth
2. Explain the Malthusian theory of population growth in Uganda
3. What are the assumptions of Malthusian theory of population?
4. What are the applicabilities of Malthusian theory of population in Uganda?
5. How relevant is the Malthusian theory of population growth?
6. Explain the weaknesses of Malthusian theory of population in Uganda
7. To what extent is the Malthusian population theory of population relevant to developing countries?

**Note:** All theories studied are to a larger extent irrelevant because their usefulness to explain certain situations has been overridden by passage of time.