

**Uganda Advanced Certificate Of Education**  
**ECONOMICS**

**Paper 1**

**INSTRUCTIONS**

**3hours**

- Answer five questions only.
- Section A is compulsory. Answers to this section should be concise.
- Answer four questions from sectionB.
- All questions in sectionB carry equal marks.
- Credit will be given for use of relevant diagrams.
- Any addition question(s) answered willnot be marked.

## SECTION A (20 MARKS)

1. a) i) What is **reserve price**? (01marks)  
ii) Give **three** determinants of reserve price in an economy. (03marks)
- b) State **four** non-tariff barriers to trade in an economy. (04marks)
- c) i) State the **law of variable factor proportions**. (01mark)  
ii) Give **three** assumptions underlying the Law of variable factor proportions. (03marks)
- d) i) What is an **inflationary gap**? (01marks)  
ii) Give **three** policies for closing an inflationary gap in an economy. (03marks)
- e) i) What is a **trade union**? (01mark)  
ii) Give **three** tools employed by trade unions to achieve their objectives. (03marks)

## SECTION B (80 MARKS)

2. a) Distinguish between an **increase in demand** and an increase in **quantity demanded**. (04marks)  
b) Explain the factors that cause an increase in demand in an economy. (16marks)
3. a) Explain the **Quantity theory of money**. (06marks)  
b) What are the limitations of the **quantity theory of money**? (14marks)
4. a) Distinguish between **economic growth** and **economic development**. (04marks)  
b) Under what circumstances may country attain high levels of economic growth without achieving corresponding high levels of economic development? (16 marks)
5. a) Distinguish between **denationalization** and **monopolization**. (04marks)  
b) Assess the implication of privatization in an economy. (16marks)
6. a) How does an oligopoly firm maximize profits in the short run? (06marks)  
b) Explain the forms of non-price competition employed by oligopoly firms in an economy. (14marks)
7. a) Distinguish between **debt servicing** and **debt conversion**. (04marks)  
b) Explain the ways of public debt management in an economy. (16marks)

**END**