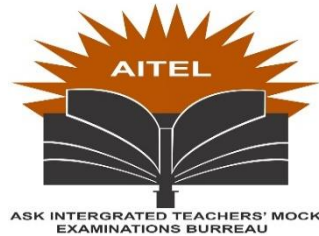


P220/1  
Economics  
Paper 1  
2023

3hrs



# AITEL JOINT MOCK EXAMINATION

*Uganda Advanced Certificate of Education*

**ECONOMICS**

**P220/1**

Duration :3hrs

## ***INSTRUCTIONS TO CANDIDATES***

- *Attempt **five** questions in all.*
- *Section **A** is **compulsory**. Answers to this section should be concise.*
- *Choose the other **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) attempted will not be marked*

**SECTION A : (20marks)**

*Answer ALL parts in this question*

1. (a) (i) Distinguish between **price elasticity of demand** and **income elasticity of demand**.

(02mks)

ii) Mention **two** factors that influence price elasticity of demand. (02mks)

b) (i) Distinguish between **labour mobility** and **efficiency of labour**. (02mks)

ii) State any **two** factors which influence the efficiency of labour in an economy.

(02mks)

c) (i) What is meant by **a development goal**. (01mk)

ii) Mention any **three** development goals in an economy. (03mks)

d) (i) Distinguish between **trade creation** and **trade diversion**. (02mks)

ii) State any two effects of trade diversion. (02mks)

e) (i) State **Irving fishers' equation of exchange**. (01mk)

ii) How is the value of money determined in fishers' equation of exchange?

(03mks)

## SECTION B (80marks)

Answer **any four** questions from this section

2. (a) Explain the role of price mechanism in the allocation of resources in an economy.  
(10mks)
- b) Discuss the implications of relying on price mechanism in the allocation of resources in an economy.  
(10mks)
3. (a) How does a firm in a monopolistic competitive market determine output, price and profits in the long run?  
(04mks)
- b) Explain the merits and demerits of monopolistic competition. (16mks)
4. (a) Differentiate between gross domestic product and Net national product.  
(04mks)
- b) Explain the factors that influence the level of National Income in an economy.  
(16mks)
5. (a) Differentiate between **capital saving techniques of production** and **labour saving techniques of production**.  
(04mks)
- b) “Developing countries should adopt capital saving techniques of production if they are to achieve faster rates of economic growth”.  
Discuss. (16mks)
6. (a) Explain the Malthusian population theory.
- b) To what extent is this theory relevant in developing countries?
7. (a) What is meant by the term “**collective bargaining**”. (04mks)
- b) When are employees justified to demand for wages increase? (16mks)

**END**