

P220/1  
Economics  
Paper 1  
July/August 2023  
3 hours

# BUGANDA EXAMINATION COUNCIL MOCKS

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 precise.
- Answer **four** questions from section **B**.
- All questions from section **B** carry equal marks.
- Any additional question(s) answered will not be marked.
- Credit will be given for use of relevant diagrams.

### SECTION A (20 MARKS)

- 1a(i) Distinguish between choice and opportunity cost. (02marks)  
(ii) Mention any two significance of opportunity cost in economics. (02marks)
- (b)(i) Define the term marginal efficiency of capital. (01mark)  
(ii) State three factors that determine marginal efficiency of capital in an economy (03marks)
- (c)(i) Differentiate between technological and seasonal unemployment. (02marks)  
(ii) Give any two causes of seasonal unemployment in an economy. (02marks)
- (d)(i) Differentiate between transfer earnings and transfer payments. (02marks)  
(ii) State any two causes of transfer payments in an economy. (02marks)
- (e)(i) What is meant by decentralized planning? (01mark)  
(ii) Mention any three demerits of partial planning in an economy. (03marks)

### SECTION B (80 MARKS)

Answer any *four* questions from this section.

- 2(a) Explain the role of price mechanism in the allocation of resources in an economy. (10marks)  
(b) What are the limitations of price mechanism in allocating resources in an economy? (10marks)
- 3(a) Distinguish between Stagflation and Reflation. (04marks)  
(b) What measures are being taken to control inflation in developing countries? (16marks)
- 4(a) Differentiate between import substitution and export promotion industries. (04marks)  
(b) "Developing countries should adopt the import substitution strategy of industrial development if they are to achieve their development goals." Discuss. (16marks)
- 5(a) Explain the different forms of protectionism. (08marks)  
(b) What are the effects of protectionism in an economy? (12marks)
- 6(a) Explain the role of foreign aid in the development of an economy. (10marks)  
(b) Explain the problems of over relying on foreign aid in an economy. (10 marks)
- 7(a) Distinguish between tax base and tax incidence. (04marks)  
(b) Explain the merits of relying on indirect taxes in an economy. (16marks)

END