

Uganda Martyrs University  
School of Arts and Social Sciences  
Department of Governance, Peace and International Studies  
B. PAM One and Two Nkozi & Lubaga Campuses  
**INTRODUCTION TO MACROECONOMICS**  
**End of semester One Examination: 2018/2019**

**Date: Thursday 13<sup>th</sup> December 2018**

**Time: 9:30am-12:30pm**

**INSTRUCTIONS**

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- 1) Read each question carefully
  - 2) Write legibly
  - 3) Answer **three** questions only
  - 4) Each question carries equal marks
  - 5) Examination regulations are at the back of the answer booklet
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- 1) (a) Distinguish between microeconomics and macroeconomics (10 marks)  
(b) Briefly explain the circular flow of income (10 marks)  
(c) Why is it important to measure national income statistics of a country? (13 marks)
- 2) (a) How does international trade arise? (15 marks)  
(b) Balance of payments is not a problem to sub-Saharan countries. Do you agree or disagree with the above statement. Explain your answer. (15 marks)
- 3) a) What are the major causes of unemployment in developing countries? (15 marks)  
b) How can this problem be tackled in developing countries (18 marks)
- 4) a) Explain the causes of demand-pull inflation? (15 marks)  
b) Why is it difficult to control inflation in developing countries? (18 marks)
- 5) a) What are the negative effects of high population growth rates in developing countries? (15 marks)  
b) What are the disadvantages of overpopulation? (18 marks)
- 6) a) Why is the study of economics important? (10 marks)  
b) What are the costs of economic growth? (10 marks)  
c) What are the benefits of economic growth? (13 marks)