

# UGANDA MARTYRS UNIVERSITY

## NKOZI

UNIVERSITY EXAMINATIONS  
END OF SEMESTER TWO FINAL ASSESSMENT 2017/18  
PAM I & BAM I DAY LUBAGA

ECO 1202  
MANAGERIAL ECONOMICS II (BAM) / INTRODUCTION TO  
MACROECONOMICS (PAM)

DATE: 3<sup>rd</sup> May 2018

TIME: 9:30 – 12:30 pm

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1. Attempt any **FOUR** Questions
  2. Well-argued and illustrated answers will earn more marks
  3. Do not write anything on the questions paper
  4. Carefully read through **ALL** the questions before attempting.
  5. No **names** should be written anywhere on the examination booklet.
  6. Ensure your work is **clear and readable**. Untidy work shall be penalized
  7. Any type of examination Malpractice will lead to automatic disqualification.
  8. Ensure that your **ID number** is indicated on all pages of the examination answer booklet.
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### QUESTION ONE

- (a) What is Gross Domestic Product (GDP)? (03marks)
- (b) What are the possible methods of measuring GDP? How does each differ from the others? (12marks)
- (c) What is a GDP output gap and how do these output gaps come about (10marks)

### QUESTION TWO

- (a) Define a Phillips curve (05marks)
- (b) Discuss how relevant or irrelevant the application of a Phillips curve is to the economies of less developed countries (20marks)

### QUESTION THREE

- (a) Define the National income "Multiplier" (05marks)
- (b) Trace how an increase in a consumer's disposable income affects the national income of a country. (20marks)

### QUESTION FOUR

- (a) Define Money (05marks)
- (b) What are the characteristics of "Good money"? (05marks)
- (c) What problems does money try to solve in an economy and how does it do it? (15marks)

### QUESTION FIVE

- (a) Why do countries trade with one another? (05marks)
- (b) What are the principles on which international trade is based? (10marks)
- (c) What types of hurdles do governments throw in the way of goods across national boundaries? (10marks)

### QUESTION SIX

- (a) Define balance of payments as understood in economics. (05marks)
- (b) How is balance of payments of a country drawn? (10marks)
- (c) What measures can a country apply to correct an imbalance on its balance of payments? (10marks)

### QUESTION SEVEN

- (a) Differentiate between "fiscal policy" and "monetary policy" (10marks)
- (b) What institution is responsible for each policy in (a) above? (05marks)
- (c) Of the two policies, which one do you think is more responsible for the state of the economy of your country? (10marks)

END