

P220/2
ECONOMICS

Paper 2

July /Aug 2019

3 hours



MUKONO EXAMINATION COUNCIL

Uganda Advanced Certificate of Education

ECONOMICS

Paper 2

3 hours

INSTRUCTIONS

*Answer **five** questions in all.*

*Section **A** is compulsory. Answers to this section should be precise and concise.*

*Answer **four** questions from section **B**.*

Credit will be given for use of relevant diagrams.

*All questions in section **B** carry equal marks.*

Any extra questions attempted will not be marked.

SECTION A (20 MARKS)

1. (a) (i) Define marginal efficiency of capital. **(01 mark)**
(ii) State three causes of low marginal efficiency of capital in Uganda. **(03 marks)**
- (b) (i) Distinguish between voluntary unemployment and involuntary unemployment. **(02 marks)**
(ii) Give two effects of involuntary unemployment in Uganda. **(02 marks)**
- (c) (i) What is meant by the term money supply? **(01 mark)**
(ii) Mention three determinants of money supply in Uganda. **(03 marks)**
- (d) (i) Differentiate between a deficit budget and a surplus budget. **(02 marks)**
(ii) State two disadvantages of deficit budgets in Uganda. **(02 marks)**
- (e) Outline four characteristics of the labour force in Uganda. **(04 marks)**

SECTION B (80 MARKS)

Answer any four questions in this section

2. a) What is the role of the price mechanism in the allocation of resources in Uganda. **(10 marks)**
b) Account for government intervention in the operation of price mechanism in Uganda. **(10marks)**
3. a) Explain the demerits of income inequality in Uganda. **(08 marks)**
b) Examine the measures being used to reduce income inequality in Uganda. **(12 marks)**
4. a) What are the characteristics of the private sector in Uganda. **(06 marks)**
b) Assess the factors that have influenced performance of the private sector in Uganda. **(14 marks)**
5. a) Explain the instruments of protectionism used in Uganda. **(08 marks)**
b) Discuss the implications of protectionism in Uganda. **(12 marks)**
6. a) Distinguish between the balanced growth and the unbalanced growth strategies of economic development. **(04 marks)**
b) Assess the merits and demerits of adopting the balanced growth strategy in Uganda. **(16 marks)**
7. (a) Explain the tools used by labour organizations to achieve their objectives. **(08 marks)**
(b) Account for the failure of labour organizations to achieve their objectives in Uganda. **(12 marks)**

END