

GHS

ECONOMICS

S.5

1 HOUR 45 MIN.

Answer all questions

SECTION A

1. Adam Smith defined economics as “The science of accumulation of wealth” whereas Lord Robbins defined it as “a Science which studies the relationship between ends and scarce means which have alternative uses.”
- a) i) Explain the meaning of each of the two definitions of Economics. (2marks)
- ii) Which of the two definitions is more appropriate and why? (2marks)
- b) i) Give two reasons why individuals study Economics. (2marks)
- ii) Explain the meaning of the following terms as used in Economics;
- Ceteris paribus.
 - Laissez faire. (2marks)
- c) i) What is meant by the term Opportunity cost? (1marks)
- ii) How is Opportunity cost, Scarcity and Choice related? (2marks)
- d) i) Distinguish between Resale price maintenance and Reserve price. (2marks)
- ii) Give two reasons to justify Price control in an economy like Uganda. (2marks)
- e) i) What is the difference between Market price and Equilibrium price. (2marks)
- ii) Give two uses of price in your country.
- f) i) what is meant by the term “Production function? (1mark)
- ii) Give three reasons why production is undertaken. (3marks)
- g) i) What are Agents of production? (1mark)
- ii) Name three of the Agents of production (3marks)

h) Distinguish between Diminishing marginal utility and marginal rate of transformation (4marks)

i) i) What is meant by the term factor payments? (1mark)

ii) Give three factor payments. (3marks)

j) Distinguish between the following terms;

- Normative economics and Positive economics

- Macro Economics and Micro Economics.

(4marks)

SECTION B

2. a) Distinguish between a Price floor and a price ceiling. (6marks))

b) What are the merits and demerits of price legislation? (12marks)

3. Give reasons for people's demand for goods and services in your country. (8 marks)

b) What factors may cause a fall in quantity demanded of a commodity in your country? (12marks)