

**G.H.S**

**DEPARTMENT OF ECONOMICS  
SENIOR SIX TERM-ONE HOLIDAY WORK.**

**Instructions:**

**All questions are compulsory.**

Questions are **deliberately** set in such a way so as to provoke **critical** as well as **applied** thinking by the students. Therefore, students must take-off enough time to write their essays with a high degree of maturity and **use practical examples** within the **context of Uganda**.

1. “Our export strategy, Madam Speaker, will maximise demand for our products and services above and beyond local effective demand. This will spur productivity and jobs creation within here in Uganda by making sure we make products which have infinite effective demand.” (**Quoted: Minister of Finance, Planning and Economic Development, while reading the Budget Speech of 2014/15 Fiscal Year, pg.7**).

**Qn.** In view of the above statement, and as a student of economics, advise the Minister on how to achieve that promise. **(20 marks)**.

2. “Some donors do not keep their word. They never stick to their promises. That is why it is important that we maintain the growth of our tax revenue collections.” (**Quoted: President Y.K. Museveni, President of the Republic of Uganda, in The New Vision, Monday, November 2, 2009, on pg.5**).

**Qn.** As an economist, give a detailed macroeconomic analysis of depending on foreign aid in your country **(20 marks)**

3. “With effect from today, no Supermarket will be allowed to pack items using polythene bags (*kaveera*), the National Environment Management Authority (NEMA) has said.” (**Quoted from The New Vision, Wednesday, April 15, 2015, pg. 32**).

**Analysis:** If the ban on polythene bags takes a total effect, the firms involved in producing polythene bags will either change the line of production, say to paper bags, or they will have to shut-down hence causing unemployment and accordingly a reduction in government revenue.

**Question: (a)** What type of unemployment would the firms producing polythene bags cause in Uganda if they shut down? Justify your answer. **(04 marks)**

**(b)** Why is the unemployment phenomenon undesirable in your country? **(10 marks)**

**(c)** Some people argue that the high unemployment rate in Uganda is due to the poor and inappropriate education system in Uganda, while others argue that the high unemployment rate in is due to a low absorptive capacity of the Ugandan economy that cannot absorb all the job seekers such as the graduates.

**Qn.** Choose One school of thought from the above two arguments and give a comprehensive justification **(06 marks)**.