

GHS

ECONOMICS/220/2

S.6

3 HOURS

APRIL'14

Instructions: **Section A** is *compulsory*, choose *four* questions in section B

SECTION A

- 1 a) Explain the following terms as used in economics;
- i) Consumer sovereignty (2marks)
 - ii) Limited Liability. (2marks)
- b) Distinguish between the following;
- (i) a Share holder and a Debenture holder (2marks)
 - (ii) a Capital market and a Money market (2marks)
- c) i) What is meant by “circular flow of income” in economics? (2marks)
- ii) What constitutes injections to the circular flow of income in a closed economy? (2marks)
- d) State any; i) Two similarities, and (2marks)
- ii) Two differences between perfect competition and perfect Oligopoly. (2marks)
- e) (i) Define the term Income multiplier. (1mark)
- (ii) Calculate the multiplier magnitude when the Marginal propensity to consume is 70%. (3marks)

SECTION B

- 2) a) For what reasons does a country like Uganda compile National income statistics? (10marks)
- b) What statistical and conceptual problems do most developing countries (10marks)

encounter when compiling National income.

- 3) The predominance of the agricultural sector in Uganda is undesirable. Discuss. (20marks)
- 4)
 - a) Explain the causes of wage differences in your country. (10marks)
 - b) Examine the consequences of wage increases by government in your country? ((10marks)
- 5)
 - a) How can firms in Uganda benefit from expanding their scale of production?
 - b) Why do some firms in your country remain small despite the benefits of expansion? (10marks)
- 6)
 - a) Distinguish between an outward looking and an in-ward looking development strategy. (4marks)
 - b) Assess the suitability of an inward looking development strategy for your country. (16marks)