

P220/1  
Economics  
Paper 1

3hrs

## **INTERNAL MOCK EXAMINATIONS – 2019**

**Uganda Advanced Certificate of Education**

**ECONOMICS**

**P220/1**

Duration :3hrs

### **INSTRUCTIONS TO CANDIDATES**

- Attempt **five** questions in all.
- Section **A is compulsory**. Answers to this section should be concise.
- Choose the other **four** questions from section **B**.
- All questions in section **B** carry equal marks
- Credit will be given for use of relevant diagrams
- Any additional question (s) attempted will not be marked

**SECTION A : (20marks)**

Answer **ALL** parts in this question

1. (a) (i) Distinguish between **price elasticity of demand** and **income elasticity of demand**. (02mks)
  - ii) Mention **two** factors that influence price elasticity of demand. (02mks)
- b) (i) Distinguish between **labour mobility** and **efficiency of labour**. (02mks)
  - ii) State any **two** factors which influence the efficiency of labour in an economy. (02mks)
- c) (i) What is meant by **a development goal**. (01mk)
  - ii) Mention any **three** development goals in an economy. (03mks)
- d) (i) Distinguish between **trade creation** and **trade diversion**. (02mks)
  - ii) State any two effects of trade diversion. (02mks)
- e) (i) State **Irving fishers' equation of exchange**. (01mk)
  - ii) How is the value of money determined in fishers' equation of exchange? (03mks)

**SECTION B (80marks)**

Answer **any four** questions from this section

2. (a) Explain the role of price mechanism in the allocation of resources in an economy. (10mks)  
b) Discuss the implications of relying on price mechanism in the allocation of resources in an economy. (10mks)
3. (a) How does a firm in a monopolistic competitive market determine output, price and profits in the long run? (04mks)  
b) Explain the merits and demerits of monopolistic competition. (16mks)
4. (a) Differentiate between gross domestic product and Net national product. (04mks)  
b) Explain the factors that influence the level of National Income in an economy. (16mks)
5. (a) Differentiate between **capital saving techniques of production** and **labour saving techniques of production**. (04mks)  
b) “Developing countries should adopt capital saving techniques of production if they are to achieve faster rates of economic growth”. Discuss. (16mks)
6. (a) Explain the Malthusian population theory.  
b) To what extent is this theory relevant in developing countries?
7. (a) What is meant by the term “**collective bargaining**”. (04mks)  
b) When are employees justified to demand for wages increase? (16mks)

**END**