P220/1

ECONOMICS

Paper 1

AUGUST, 2019



JINJA JOINT EXAMINATIONS BOARD

Uganda Advanced Certificate of Education

MOCK EXAMINATIONS – AUGUST, 2019

ECONOMICS

Paper 1

3 hours

INSTRUCTIONS:

Answer Five questions only

Section A is Compulsory. Answers to this section should be concise.

Answer four questions from section B.

All questions in section B carry equal marks.

Any additional questions attempted will not be marked.

**SECTION A: (20MARKS)**

1. a) Give four causes of price inelastic supply of agricultural products in an economy. ***(04marks)***

b)i) Distinguish between liquidity preference and liquidity ratio. ***(2marks)***

ii) Mention two factors responsible for high liquidity preference in an economy. ***(02marks)***

c) Mention four costs of economic growth in an economy . ***(04marks)***

d)i) Differentiate between trade creation and trade diversion . ***(02marks)***

ii) State any two effects of trade diversion. ***(02marks)***

e)i Define the term collective bargaining. ***(01mark)***

ii) Mention three methods used by trade unions to achieve their objectives. ***(3marks)***

**SECTION B: (80 MARKS)**

2. a) Examine the effects of agricultural price fluctuations in an economy. ***(10marks)***

b) What measures can be taken to stabilize the prices of primary products in developing countries? ***(10marks)***

3. a) Distinguish between labour supply and demand for labour. ***(4marks)***

b) Explain the factors that determine labour supply in an economy. ***(16marks)***

4. a) Explain the quantity theory of money. ***(06marks)***

b) What are the limitations of the quantity theory of money. ***(14marks)***

5. a) Describe the process of credit creation by commercial banks. ***(08marks)***

b) What factors limit the ability of commercial banks to create credit in an economy? ***(12marks)***

6. a) Explain the features of a good tax system. ***(08marks)***

b) Explain the role of taxation in the development of a country ***(12marks)***

7. a) What are the benefits of economic development planning in an economy? ***(10marks)***

b) Examine the factors that influence the level of implementation of development plans in developing countries. ***(10marks)***