

P220/2
ECONOMICS
Paper 2

3 hours

Uganda Advanced Certificate of Education

ECONOMICS

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INSTRUCTIONS TO CANDIDATES:

*Attempt **five** (5) questions only.*

*Section **A** is compulsory. Answers to this section should be **precise and concise**.*

*Answer **four** (4) 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.*

Turn Over

SECTION A: (20 marks)

Answer all parts of this question.

1. (a) (i) What is meant by **stock exchange**?

(01 mark)

(ii) State any **three functions of stock exchange** in your country. (03 marks)

(b) (i) Distinguish between **cost-push inflation** and **bottle neck inflation**.

(02

marks)

(ii) Give any **two causes of bottleneck inflation** in your country.

(02

marks)

(c) (i) Distinguish between **barter terms of trade** and **income terms of trade**.

(02 marks)

(ii) State any **two causes of unfavourable income terms of trade** in your

country.

(02

marks)

(d) (i) Differentiate between **comprehensive plan** and a **partial plan**.

(02

marks)

(ii) State any **two reasons why partial planning may be avoided** in your country.

(02 marks)

- (e) (i) Distinguish between **an internal debt** and **an external debt**.(02 marks)
- (ii) Mention any **two problems of external borrowing**.
(02 marks)

SECTION B: (80 marks)

*Answer any **four** questions from this section.*

2. (a) Explain the basis of **monopoly power** in the short - run
(08 marks)
- (b) Assess the role of **monopoly power** in your country.
(12 marks)
3. (a) Distinguish between **critical minimum effort** and **big push** development strategy.
(04 marks)
- (b) Why may **balanced growth development strategy** be adopted as **ideal** for your country?
(16 marks)
4. (a) What are the causes of the unemployment problem **according to Lord Keynes**?
(08 marks)

- (b) Examine the extent to which the **Keynesian theory of unemployment is applicable** to your country.
(12 marks)

5. (a) What are the **assets** and **liabilities** of commercial banks?
(06 marks)
- (b) How are commercial banks **able to achieve liquidity, profitability** and **security** in your country?
(14 marks)
6. (a) What is the **role of foreign aid in the development** of your country?
(10 marks)
- (b) Explain the **problems associated with overlying on foreign aid** in Uganda.
(10 marks)
7. (a) Differentiate between **divestiture** and **nationalization** of economic enterprises.
(04 marks)
- (b) Assess the **merits** and **demerits** of **divestiture** of public enterprises in your country.
(16 marks)

END