

UNEB UACE ECONOMICS 2010

Paper 1

SECTION A

1. (a) (i) What is meant by the term elasticity of demand?
(ii) Mention any three factors which determine the elasticity of demand for a commodity
- (b) (i) Distinguish between lateral integration and conglomerate integration of firms
(ii) Give any two conditions necessary for the success of lateral integration of firms
- (c) (i) Differentiate between average propensity to consume (APC) and marginal propensity to consume (MPC)
(ii) Given that a country's total income is shs 60,000 billion and its total consumption is sh 48,000 billion, calculate its APC
- (d) (i) Distinguish between import substitution and export promotion strategies of industrial development
(ii) Mention any two merits of import substitution strategy of industrial development
- (e) (i) Distinguish between piece rate and time rate methods of wage payment
(ii) State any two merits of piece rate method of wage payment
- (f) Mention any four causes of under employment in an economy
- (g) (i) Differentiate between cash ratio and reserve ratio
(ii) Give any two reasons why the reserve ratio may be increased
- (h) (i) What is meant by dumping?
(ii) Give any two effects of hyper inflation in an economy
- (i) (i) Distinguish between suppressed inflation and hyper inflation
(ii) Give any two effects of hyper inflation in an economy
- (j) (i) Differentiate between taxable income and taxable capacity
(ii) Mention any two principles of taxation

SECTION B

2. (a) Distinguish between maximum and minimum price legislation
(b) Why may the use of price controls be avoided in an economy?
3. (a) Describe the features of monopolistic competition
(b) Describe the features of monopolistic competition
4. (a) What is meant by the term "economic development strategy"?
(b) Explain the merits of diversification in production as an economic development strategy
5. (a) Explain the factors that determine the level of wages in an economy
(b) What are the limitations of the marginal productivity theory of wage determination?
6. (a) Explain the functions of a central bank
(b) How does a central bank control credit creation in a multi-banks system?
7. (a) Distinguish between partial planning and decentralized planning
(b) Why is development planning necessary in an economy?
8. (a) What is public corporation?
(b) Assess the role of public corporations in an economy

PAPER 2

SECTION A

1. (a) (i) What is meant by the term "labour mobility"?
(ii) Suggest any three ways of increasing geographical mobility of labour in your country

- (b) (i) What is meant by Marginal propensity of save (MPS)
(ii) Given that initial nation income of a country is sh 22 billion and the MPS is 40%, calculate the final income in that country
- (c) (i) Define the term "subsistence production"
(ii) Give any three demerits of a large subsistence sector in your country
- (d) (i) What is meant by the term "tied aid"?
(ii) Give any three problems of relying on foreign aid in your country
- (e) (i) Define the term "under population"
(ii) Mention any three disadvantages of under population in your country
- (f) (i) What is meant by monetary policy?
(ii) Give any three tools of monetary policy in your country
- (g) (i) Differentiate between balance of trade and terms of trade
(ii) Suggest any two ways of improving terms of trade in your country
- (h) (i) What is structural inflation?
(ii) Give any three causes of structural inflation
- (i) (i) Define the term "economic integration"
(ii) State any three merits of economic integration
- (j) (i) What is meant by public debt management?
(ii) Give any three objectives of public debt management in your country.

SECTION B

2. (a) Differentiate between internal economics and external economics of scale
(b) Account for the continued existence of small scale firms in your country
3. (a) Distinguish between balanced growth and unbalanced growth strategies
(b) Account for the low- level of economic development in your country
4. (a) What is meant by the term "agricultural modernization"?
(b) Explain the factors limiting agricultural modernization in your country
5. (a) Differentiate between voluntary unemployment and involuntary unemployment
(b) Suggest possible measures of reducing the unemployment problem in your country
6. (a) How do commercial banks create credit? (illustrate your answer)
(b) Explain the factors which limit credit creation by commercial banks in your country
7. (a) What is meant by "vent for surplus theory" as used in international trade?
(b) Assess the role of international trade in the development of your country
8. (a) Distinguish between tax evasion and tax avoidance
(b) Assess the impact of indirect taxes on the economy of your country