

UGANDA ADVANCED LEVEL ECONOMICS TEST

Time: 1 Hour 30 Minutes

Instructions: Answer all questions. Show all workings where necessary.

An economy produces only two commodities: maize and textiles. The production of these goods is constrained by limited resources, including land, labour, and capital. The economy must decide how best to allocate these scarce resources between the two goods. The table below shows different possible combinations of output that can be produced efficiently using all available resources and the existing level of technology.

Combination	Maize (tons)	Textiles (units)
A	0	100
B	10	90
C	20	70
D	30	40
E	40	0

1.

(a) Construct a clearly labelled diagram representing the relationship between maize and textile production. (05 marks)

(b) Describe the general shape of the curve obtained. (03 marks)

(c) Explain fully the economic reasoning behind the shape identified in (b). (07 marks)

2.

(a) Calculate the change in textile output when maize production increases:

(i) from 10 tons to 20 tons

(ii) from 20 tons to 30 tons (06 marks)

(b) Comment on the pattern observed in your answers in (a). (04 marks)

(c) Identify and explain the economic principle illustrated by this pattern. (05 marks)

3.

Consider the following production combinations:

X (15, 60), Y (25, 60), Z (35, 10)

(a) With the aid of the diagram, locate each of the above combinations. (04 marks)

(b) Classify each combination and justify your answer using economic reasoning. (06 marks)

(c) Explain what the position of each point implies about the state of resource utilization in the economy. (05 marks)

4.

The economy experiences the following changes independently:

(i) Introduction of improved maize seed varieties that significantly increase agricultural productivity.

(ii) Destruction of a number of textile factories due to civil unrest.

(iii) A nationwide improvement in education and technical skills.

- (a) Explain the effect on the production possibilities of the economy. (06 marks)
- (b) Illustrate the change on the diagram. (06 marks)
- (c) Account for the direction and nature of the change. (06 marks)

5.

- (a) Distinguish clearly between a movement along the curve and a shift of the curve. (06 marks)
- (b) For each case, provide a practical example to support your explanation. (04 marks)
- (c) Explain why confusion between these two concepts can lead to incorrect economic analysis. (05 marks)

6.

- (a) Explain how the concept illustrated by the data can assist in decision-making within the economy. (05 marks)
- (b) Discuss how it can be used to analyze issues of economic growth. (05 marks)
- (c) Examine its usefulness in illustrating the problem of scarcity and choice. (05 marks)
- (d) Assess its limitations when applied to real-world economies. (05 marks)

7.

The economy is currently operating at combination X (15, 60).

- (a) Describe the implications of this position. (05 marks)
- (b) Suggest measures that could move the economy to a more desirable position. (05 marks)
- (c) Explain the economic reasoning behind each measure suggested in (b). (05 marks)