

UNEB UACE ECONOMICS PAPER 1 2018

SECTION A

Answer all parts of this question.

1. a) i) What is a **Production Possibility Frontier**?
- ii) Give any three causes of an outward shift of the Production Possibility Frontier.
- b) i) Distinguish between vertical and horizontal merging of firms.
- ii) Mention any two merits of merging firms.
- c) i) State the balanced growth theory.
- ii) Mention any three conditions necessary for the success of the balanced growth theory in an economy.
- d) i) What is meant by monetary policy?
- ii) State any three tools of monetary policy.
- e) i) Differentiate between a proportional tax and a progress tax.
- ii) Give two advantages of a progressive tax.

SECTION B

Answer any four questions from this section

2. a) Distinguish between price elasticity of demand and income elasticity of demand.
- b) Explain the determinants of price elasticity of demand in an economy.
3. a) Describe the methods used to compute national income in an economy.
- b) What measures may be adopted to increase the level of national income in an economy?
4. a) Distinguish between labour-intensive and capital-intensive techniques of production.
- b) Why should capital intensive techniques of production be adopted by developing countries?
5. a) Explain the Keynesian theory of unemployment
- b) What are the limitations of the Keynesian theory of unemployment in developing countries?
6. a) Account for the unfavorable terms of trade in developing countries.
- b) Suggest measures that should be taken to improve the terms of trade in developing countries.
7. a) Describe the principles of economic development planning.
- b) What challenges do developing countries face when implementing development plans?