

ECONOMIC ENVIRONMENT - PAPER 3

OVERALL AIM

To enable the learner develop knowledge and understanding of the economic environment in which businesses operate

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Describe major economic models and theories
2. Explain the behavior of market forces
3. Explain the basic features of international economics
4. Demonstrate an understanding of the Uganda's monetary and fiscal systems
5. Discuss the ethical issues that arise from the nature of markets in which business operates and from the responsibility of business to society

LEVEL OF ASSESSMENT

The examination will mainly test knowledge, comprehension and application of economics concepts

EXAMINATIONS STRUCTURE

There will be a three hour examination made up sections A and B. Section A will comprise of 20 compulsory multiple-choice questions of 20 marks. Section B will comprise of five questions of 20 marks each, of which the candidate will be required to attempt four

DETAILED SYLLABUS

A. INTRODUCTION

1. Definitions:
 - (a) According to the classical economics (Adam Smith, David Ricardo) and neoclassical economics (Alfred Marshal and Lord Robbins)



- (b) Comparison of definitions to come out with the most appropriate
2. Characteristics of: wealth, human wants and needs; resources, goods and services
 3. Nature and scope:
 - (a) Micro versus macroeconomics
 - (b) Normative versus positive economics
 - (c) Economics as a science versus economics as an art
 - (d) Economic theory versus applied economics
 4. Concepts of scarcity, choice and opportunity cost:
 - (a) Meaning of scarcity, choice and opportunity cost
 - (b) Relationship between scarcity, choice and opportunity cost
 - (c) Opportunity cost concept in decision making
 - (d) Production possibility frontier (PPF)/ transformation curve
 - (i) Assumptions on which the production possibility frontier curve is drawn
 - (ii) Uses of the PPF concept; why the PPF curve may shift outwards and inwards
 5. Alternative economic systems:
 - (a) The fundamental economic questions (what, when, how, where, how much)
 - (b) Types of economic systems, advantages and disadvantages of each system
 - (c) Role of government in each economic system
 6. Classification of goods:
 - (a) Free versus economic
 - (b) Producer versus capital
 - (c) Intermediate versus final/ consumer
 - (d) Private versus public
 - (e) Giffen versus inferior
 - (f) Luxury versus necessity
 - (g) Complementary versus substitute
 - (h) Merit versus demerit

B. PRICE THEORY

1. The concept of demand:
 - (a) Meaning of demand, quantity demanded, effective demand
 - (b) Factors influencing quantity demanded
 - (c) Demand schedule; demand curve
 - (d) Reasons why the demand curve is downward sloping
 - (e) Abnormal/ regressive/ exceptional demand curve
 - (f) Types of demand:
 - (i) Joint/ complementary
 - (ii) Competitive
 - (iii) Composite
 - (iv) Fixed



- (v) Derived
- (vi) Independent
- (g) Change in demand versus change in quantity demanded
- (h) The utility theory:
 - (i) Definition of utility; marginal utility
 - (ii) Relationship between marginal utility, total utility and demand
 - (iii) Statement, assumptions and limitations of the law of diminishing marginal utility
- (i) Elasticity of demand:
 - (i) Meaning of elasticity of demand; price elasticity of demand; income elasticity of demand; cross elasticity of demand
 - (ii) Determinants of elasticity of demand
 - (iii) Levels/ degrees of price elasticity of demand: inelastic, elastic, unitary, perfectly elastic and perfectly inelastic
 - (iv) Determination of elasticity of demand; interpretation of values obtained
 - (v) Uses of elasticity of demand to the consumer, producer and government

2. The concept of supply:

- (a) Definition of supply, quantity supplied, quantity produced/ stock of goods
- (b) Determinants of quantity supplied; supply of a commodity
- (c) Supply schedule and conventional supply curve
- (d) The law of supply; why the supply curve slopes upward from left to right
- (e) Regressive supply/abnormal/ exceptional supply curve
- (f) Types of supply
- (g) Causes of change in supply and change in quantity supplied
- (h) Elasticity of supply:
 - (i) Definition of elasticity of supply; cross elasticity of supply
 - (ii) Determinants and degrees of price elasticity of supply
 - (iii) Determination of elasticity of supply; interpretation of values obtained

3. Determination of prices:

- (a) Definition of price
- (b) Types of prices:
 - (i) Market price
 - (ii) Equilibrium price
 - (iii) Normal/ long-run equilibrium price
 - (iv) Ideal price
 - (v) Reserve price
- (c) Ways of determining prices in an economy:
 - (i) Demand and supply
 - (ii) Bargaining/ haggling
 - (iii) Bidding and auctioning
 - (iv) Signing treaties
 - (v) Resale price maintenance
 - (vi) Price leadership
 - (vii) Offers at fixed prices for example monopoly and oligopoly; price legislation



4. Price mechanism and resource allocation:
 - (a) Definition of price mechanism
 - (b) Assumptions
 - (c) Role, advantages, disadvantages of price mechanism
 - (d) Ways of minimising the defects of the price mechanism
5. Price theory:
 - (a) Application by consumers, producers and government to make economic decisions
 - (b) Determination of the prices of factors of production

C. PRICING DECISIONS AND ANALYSIS

1. Introduction:
 - (a) Economic theory on pricing
 - (b) Determination of optimal selling price using differential calculus
 - (c) Market structures
 - (d) The role of cost information in pricing decisions
2. A price setting firm:
 - (a) Short-run pricing decisions
 - (b) Long-run pricing decisions
3. A price taking firm:
 - (a) Short-run pricing decisions
 - (b) Long-run pricing decisions

D. PRODUCTION THEORY

1. Production:
 - (a) Meaning and purpose of production:
 - (b) Direct versus indirect production; subsistence versus commercial production
 - (c) Stages of production
 - (d) Importance of production
2. Factors of production and their importance:
 - (a) Factors of production; reward for each factor
 - (b) Importance of factors of production
3. Mobility of factors of production:
 - (a) Meaning of mobility of a factor of production in relation to the different factors of production
 - (b) Occupational versus geographical mobility of factors



- (c) Mobility versus immobility of factors
 - (d) Limitations to mobility/ causes of immobility of factors of production
 - (e) Ways of improving mobility of factors of production
4. Specialisation:
- (a) Definition
 - (b) Specialisation versus division of labour
 - (c) Merits and demerits of specialisation/ division of labour
5. Theory of the firm:
- (a) Firm versus industry
 - (b) Objectives and decisions of a firm
 - (c) Location and localisation of industry
 - (d) Factors that influence the location of industry
 - (e) Advantages and disadvantages of localisation of industry
 - (f) Government influence on the location of industry
6. The Law of diminishing returns:
- (a) Statement and assumptions of the law of diminishing returns
 - (b) Limitations of the law of diminishing returns
7. The concept of output:
- (a) Total product
 - (b) Average product
 - (c) Marginal product
8. Costs of production:
- (a) Types
 - (b) Explicit versus implicit costs
 - (c) Determination of costs of production
 - (d) Reasons why the average cost curve is U-shaped in the short-run and long-run
 - (e) Breakeven point versus shutdown point
 - (f) Reasons why a firm may continue producing even when it might be incurring losses
9. Economies and diseconomies of scale:
- (a) Economies versus diseconomies of scale
 - (b) Internal and external economies of scale
 - (c) Causes of diseconomies of scale
 - (d) Optimum size/ output of a firm
10. Existence of small firms:
- (a) Factors that determine the size of a firm
 - (b) Advantages of small-scale firms
 - (c) Existence of small firms despite the advantages of large-scale production
 - (d) Reasons why small firms co-exist with large firms
11. Concept of revenue:



- (a) Forms of revenue:
 - (i) Total revenue
 - (ii) Average revenue
 - (iii) Marginal revenue
 - (b) Concepts of profit:
 - (i) Normal profit
 - (ii) Supernormal profit
 - (iii) Negative profits or losses
 - (iv) Functions of profit in an economy
12. Market structures:
- (a) Definition of 'market' and 'market structure'
 - (b) Criteria used to classify market structures
 - (c) Types, characteristics, advantages, disadvantages and examples of market structures
 - (d) Maximisation of profits; how output, price and profits are determined in each type of market structure both in the short-run and long-run
 - (e) Advantages and disadvantages of each type of market structure

E. NATIONAL INCOME

1. National income: definition of gross domestic product, gross national product, net national product, national income at factor cost and market price, real and monetary national income, personal income, disposable income and per capita income
2. The circular flow of income:
 - (a) Definition
 - (b) Illustration and assumptions
 - (c) Sectors in the economy in relation to national income; household, business, government and foreign sectors
3. Factors determining national income:
 - (a) Factors that enhance or limit the level of national income
 - (b) National income of a developed versus a developing economy
 - (c) Ways of increasing the level of national income
4. Estimation of national income:
 - (a) Approaches/ methods of measuring national income: output/ net product, income and expenditure approaches
 - (b) Problems faced in measuring national income
 - (c) Importance of national income statistics and reasons for measuring national income
5. Per capita income:
 - (a) Definition of per 'capita income' and 'standard of living'
 - (b) Indicators/ factors of standard of living



- (c) Problems of using per capita income to determine/ compare standard of living within a country over time or between different countries
6. Income inequality and distribution:
- Definition of income inequality
 - Measurement of income inequality using Lorenz curve
 - Types/ forms of income inequality: individual, regional/ geographical, sectoral/ inter-sectoral and intra-sectoral
 - Causes of income inequality
 - Merits and demerits of income inequality
 - Policy measures to reduce income inequality
7. Determination of equilibrium in an economy:
- Ways of determining equilibrium in an economy:
 - Where aggregate demand = aggregate supply
 - Where injections = withdrawals
 - Components of aggregate demand
 - Injections versus withdrawals as used in national income
 - Injections versus withdrawals in a closed and an open economy
 - Equilibrium in an economy
8. Disequilibrium in an economy:
- Definition of disequilibrium
 - Forms of disequilibrium
 - Deflationary gap versus inflationary gap
 - Measures of closing deflationary and inflationary gaps
9. Multipliers and accelerators:
- Multiplier versus accelerator
 - Determination of multiplier and accelerator
 - Types of the multiplier:
 - Consumption
 - Investment
 - Government
 - Export
 - Import
 - Definition and computation of:
 - Average propensity to consume
 - Average propensity to save
 - Marginal propensity to consume
 - Marginal propensity to save
10. Savings, consumption and investment:
- Definitions
 - Factors which determine savings, consumption and investment expenditure
 - Limitations of savings, consumption and investment in an economy



F. UGANDA'S MONETARY AND FINANCIAL SYSTEMS

1. Money
 - (a) Definition
 - (b) Functions and role of money in an economy
 - (c) Evolution of money
 - (d) Types and qualities of money
 - (e) Definition of 'demand for money', 'supply of money'
 - (f) Determinants of the demand for and supply of money
 - (g) Definition of 'liquidity preference'
 - (h) Determinants of liquidity preference
 - (i) Definition of interest rates
 - (j) Reasons why interest is paid; determinants of interest rates
 - (k) Capital markets (including the institutions in the capital markets like stock exchange, insurance companies, merchant banks)
 - (l) Stock exchange:
 - (i) Definition
 - (ii) Functions
 - (iii) Securities traded on a stock exchange; membership of a stock exchange
 - (iv) Problems encountered by stock exchanges and capital markets in developing countries
2. Value of money:
 - (a) Definition
 - (b) Factors that influence the value of money
3. Cost of living:
 - (a) Cost of living versus standard of living
 - (b) Relationship between cost of living and standard of living
 - (c) Measurement of changes in the cost of living
 - (d) Cost of living index and price index; determination of simple price index, weighted index and average weighted price index based on given data
 - (e) Price indices; uses and problems encountered in the compilation of price indices
4. Quantity theory of money:
 - (a) Statement and assumptions
 - (b) Mathematical treatment of the theory (Fisher's equation)
 - (c) Applicability of the quantity theory of money
5. Commercial banking:
 - (a) Commercial banks:
 - (i) Definition
 - (ii) Assets and liabilities of commercial banks
 - (iii) Functions and role of commercial banks (indigenous and foreign)
 - (iv) Operational problems met by commercial banks
 - (v) Objectives of commercial banking (liquidity, profitability, security)



- (b) Credit creation:
 - (i) Definition
 - (ii) Assumptions, process and factors that influence credit creation
 - (iii) Factors that limit credit creation
- (c) Role of non-bank financial intermediaries in developing countries

6. Central banking:

- (a) Functions of a central bank
- (b) Monetary policy and its objectives
- (c) Application of the tools of monetary policy
- (d) Limitations to the smooth operation of monetary policy in Uganda

G. INFLATION

1. Definition
2. Types and causes of the different types of inflation:
 - (a) Hyper/ runaway/ galloping
 - (b) Mild/ creeping/ gradual
 - (c) Structural
 - (d) Imported
 - (e) Demand-pul
 - (f) Cost-push
 - (g) Scarcity
 - (h) Speculative
 - (i) Monetary
 - (j) Stagflation
 - (k) Headline
 - (l) Underlying
3. Effects (positive and negative) of inflation in Uganda
4. Policies used to control inflation in Uganda
5. The concept of deflation

H. LABOUR ECONOMICS

1. Structure of labour force:
 - (a) Definition of labour; labour force
 - (b) Determinants of labour force in an economy
 - (c) Characteristics of labour force in developing countries
 - (d) Efficiency of labour versus productivity of labour
 - (e) Factors which influence productivity/ efficiency of labour
 - (f) Demand for versus supply of labour
 - (g) Factors that determine demand for and supply of labour
 - (h) Definition of wage; salary



- (i) Nominal wage versus real wage; determinants of real wage
- (j) Methods of paying workers:
 - (i) Profit sharing
 - (ii) Bonus payment
 - (iii) Commission fee
 - (iv) Sliding scale
 - (v) Non-pecuniary payment
 - (vi) Piece rate
 - (vii) Time rate
 - (viii) Payment in kind
- (k) Merits and demerits of each method of wage payment
- (l) Assumptions, reasons and limitations of each of the following theories of wage payments:
 - (i) Market theory
 - (ii) Government theory
 - (iii) Subsistence theory
 - (iv) Marginal productivity theory
 - (v) Bargaining theory

2. Trade unions:

- (a) Definition
- (b) Objectives of trade unions
- (c) Methods used by trade unions to advance their objectives
- (d) Factors that determine the strength of a trade union
- (e) Reasons or justification by trade unions to demand for high wages
- (f) Problems facing trade unions in developing countries
- (g) Advantages and disadvantages of trade unions
- (h) Wage differentials:
 - (i) Definition
 - (ii) Causes
 - (iii) Types or forms
 - (iv) Ways of reducing wage differentials

I. UNEMPLOYMENT

- 1. Definition
- 2. Types of unemployment:
 - (a) Voluntary
 - (b) Involuntary
 - (c) Urban
 - (d) Structural
 - (e) Technological
 - (f) Seasonal
 - (g) Residual
 - (h) Casual
 - (i) Disguised
 - (j) Cyclical/ mass/ Keynesian
 - (k) Underemployment



3. Causes and solutions of each type of unemployment
4. Unemployment in an economy:
 - (i) Solutions to the problem of unemployment
 - (ii) Effects of unemployment on the development of an economy

J.

K. INTERNATIONAL TRADE

1. The role of international trade in development:
 - (a) Definition
 - (b) Bilateral versus multilateral trade
 - (c) Role, advantages and disadvantages of international trade
2. Comparative cost advantage and absolute cost advantage:
 - (a) Laws of comparative advantage and absolute advantage
 - (b) Assumptions of the law of comparative advantage
 - (c) Determination of comparative advantage
 - (d) Application and limitations of the comparative advantage theory
3. Terms of trade, balance of trade and balance of payments:
 - (a) Definition of: terms of trade, balance of trade, balance of payments; computation of terms of trade
 - (b) Factors influencing terms of trade
 - (c) Effects of terms of trade on an economy
 - (d) Terms of trade facing Uganda
 - (e) Effects of deteriorating terms of trade
 - (f) Policies used to correct long-run deterioration in terms of trade in developing countries
 - (g) Balance of trade versus balance of payments
 - (h) Reasons for worsening balance of trade for Uganda
 - (i) Balance of payments:
 - (i) Causes of balance of payments surplus, balance of payments deficit, balance of payments problems
 - (ii) Effects and adjustments of balance of payments problems
 - (iii) Solutions to balance of payments problems
4. Free trade versus protectionism:
 - (a) Definition of free trade; protectionism
 - (b) Advantages and disadvantages of free trade
 - (c) Reasons for undertaking protectionism
 - (d) Instruments of protectionism
 - (e) Advantages and disadvantages of protectionism
5. Devaluation and revaluation:
 - (a) Definition of devaluation
 - (b) Conditions under which devaluation may be carried out
 - (c) Reasons for devaluation
 - (d) Conditions necessary for devaluation to succeed



- (e) Effects of devaluation
 - (f) Reasons for failure of devaluation
 - (g) Computation of new and old rates of currencies
 - (h) Definition of revaluation; its effects
 - (i) Currency appreciation versus currency depreciation; overvaluation versus undervaluation of a currency
6. Foreign exchange:
- (a) Definition of foreign exchange rate, foreign exchange, foreign exchange reserves
 - (b) Sources of foreign exchange to a country and reasons for the demand for foreign exchange
 - (c) Uganda's foreign exchange shortages and the steps that can be taken to alleviate the shortages
 - (d) Foreign exchange rate:
 - (i) Definition and types
 - (ii) Advantages and disadvantages
 - (iii) Factors that determine the exchange rate in the money market
7. Economic integration:
- (a) Definition
 - (b) Factors that give rise to economic integration
 - (c) Features of: preferential trade area, free trade area, customs union, common market, economic union, complete integration
 - (d) Conditions for the success of economic integration
 - (e) Benefits and shortcomings of economic integration
8. Economic integration in developing countries:
- (a) Aims of the East African Community (EAC) and Common Market for Eastern and Southern Africa (COMESA)
 - (b) Achievements and failures of the EAC and COMESA
9. Institutions and agreements in international trade:
- (a) Aims of: General Agreement on Tariffs and Trade (GATT); International Bank for Reconstruction and Development (IBRD); International Monetary Fund (IMF); World Trade Organisation (WTO); United Nations Conference on Trade and Development (UNCTAD)
 - (b) Achievements and failures of the above institutions
10. Foreign aid:
- (a) Definition of 'foreign aid'
 - (b) Forms of foreign aid
 - (c) Importance of foreign aid in development
 - (d) Problems and demerits of foreign aid
 - (e) Ways of reducing the problems and demerits of foreign aid

L. ECONOMIC GROWTH AND DEVELOPMENT

1. Introduction:



- (a) Definition of economic growth; economic development
 - (b) Economic growth versus economic development
 - (c) Objectives of economic development in Uganda
 - (d) Costs and benefits of economic growth
 - (e) Barriers to economic growth
 - (f) Indicators of economic development; reasons why economic growth does not always lead to economic development
2. Rostow's theory of economic growth:
- (a) Stages
 - (b) Characteristics of Rostow's stages of economic growth
3. Theories of economic growth and development:
- (a) Definition of big push; critical minimum effort
 - (b) Balanced growth theory:
 - (i) Meaning
 - (ii) Merits and demerits
 - (c) Unbalanced growth theory
 - (i) Meaning
 - (ii) Advantages, disadvantages, limitations of the balanced growth theory
4. Characteristics/ indicators of underdeveloped economies; factors responsible for underdevelopment
5. Development strategy:
- (a) Definition, merits and demerits of:
 - (i) Agricultural development
 - (ii) Industrial development: small-scale and large-scale industries, specialisation
 - (iii) Economic diversification
 - (b) Advantages, disadvantages and limitations of:
 - (i) Export promotion
 - (ii) Import substitution
 - (iii) Capital intensive techniques of production
 - (iv) Labour intensive techniques
 - (c) Intermediate technology:
 - (i) Appropriate versus intermediate technology
 - (ii) Challenges facing the development of appropriate technology in less developed countries
 - (d) Technological transfer and technological development:
 - (i) Technological transfer versus technological development
 - (ii) Factors that hinder technological transfer and technological development in less developed countries

M. ECONOMIC DEVELOPMENT PLANNING

1. Definition and importance of economic development planning
2. Types of plans/ planning:



- (a) Partial
 - (b) Comprehensive
 - (c) Micro
 - (d) Macro
 - (e) Centralised
 - (f) Decentralised
 - (g) Authoritarian
 - (h) Project
 - (i) Democratic
 - (j) Indicative
 - (k) Directive
 - (l) Perspective
3. Differences between the types of plans/ planning
 4. Advantages of partial plan/ planning and comprehensive plan/ planning
 5. Objectives of centralised and decentralised planning; reasons for centralised and decentralised planning
 6. Elements of a development plan:
 - (a) Objectives of the plan
 - (b) Plan coordination and consistence
 - (c) Planning over space
 - (d) Regional planning, policies and strategies
 7. Elements of a plan strategy: required institutional reforms, investment goals, volume of resources available, source of finance, duration and coverage, market sources, implementation schedule, monitoring and evaluation
 8. The planning process/ stages of planning: identification of goals, plan formulation, plan implementation and evaluation
 9. Characteristics of a good plan: sequential, comprehensive, compatibility, consistency, feasibility, proportionality, coordination and evaluation.
 10. Conditions necessary for effective planning: availability of resources, statistical data, planning machinery, good political will, good infrastructure, incorruptible and efficient administration, economic stability, and political stability.
 11. Effectiveness of development plans/ planning; examination of the problems or limitations encountered in the formulation/ implementation of development plans

N. PUBLIC FINANCE AND FISCAL POLICY

1. Definition of public finance, public revenue, public expenditure, public debt, financial administration, fiscal policy, taxable income
2. Sources of government revenue
3. Definition of tax, taxation; evolution of taxation in Uganda



4. Reasons for levying taxes and the negative effects of taxation
5. Taxes:
 - (a) Features and forms of direct and indirect taxes
 - (b) Advantages and disadvantages of direct and indirect taxes
 - (c) Types of taxes; their advantages and disadvantages:
 - (i) Progressive
 - (ii) Proportional
 - (iii) Regressive
 - (d) Definition of impact of tax, tax base
 - (e) Tax bases in Uganda; why Uganda has a narrow tax base
 - (f) Marginal rate and average rate of taxation
6. Incidence of tax:
 - (a) Definition
 - (b) Incidence of taxes under: unitary elasticity, elastic, inelastic, perfectly elastic and perfectly inelastic demand and supply
7. Canons, principles or characteristics of a good tax system
8. Meaning of taxable capacity: individual, national, governmental
9. Factors that influence the taxable capacity of a country; why Uganda has low taxable capacity
10. Public Debt:
 - (a) Definition of: public debt, national debt; public debt versus national debt
 - (b) Types: internal debt, external debt, short-term debt, long-term debt, medium-term debt, funded debt, deadweight debt, reproductive debt, floating debt
 - (c) Reasons why a country incurs public debt; the burden of public debt in a developing country
 - (d) Public debt management:
 - (i) Meaning
 - (ii) Objectives of public debt management
 - (iii) Ways in which public debt management is carried out
11. National budget as an instrument of economic and social policy
 - (a) Meaning of a national budget
 - (b) Components of a national budget
 - (c) Balanced budget, surplus budget and deficit budget
 - (i) Reasons for making a surplus budget and a deficit budget
 - (ii) Effects of a surplus budget and a deficit budget
 - (iii) Ways of financing a deficit budget
 - (d) Importance of a national budget in national economic development
12. Public finance: definition; role of public finance in development
13. Uganda's tax structure and the impact of such a structure



14. Characteristics of public expenditure in Uganda; reasons for the need of public expenditure; effects of government spending on the economy
15. Debt financing and taxation financing'; advantages and disadvantages

O. THE STRUCTURE OF UGANDA'S ECONOMY

1. The features/ characteristics of Uganda's economy:
 - (a) Features of Uganda's economy: dualistic, largely agro-based, mixed, dependent, high population growth rate, basically subsistence, open, largely unskilled labour force
 - (b) Dualism and dual economy:
 - (i) Definition
 - (ii) Types and examples of dualism
 - (iii) Effects of dualism
 - (c) The structure of the agricultural sector in Uganda:
 - (i) Effects of such a structure on the economy
 - (ii) Ways of changing such a structure
 - (iii) Causes of poor performance of the agricultural sector
 - (iv) Solutions to the problems of the agricultural sector in Uganda
 - (d) The structure of the industrial sector in Uganda:
 - (i) Effects of such a structure on the economy
 - (ii) Ways of changing such a structure
 - (iii) Causes of poor performance of the industrial sector
 - (iv) Solutions to the problems of the industrial sector in Uganda
2. Subsistence and monetary sectors:
 - (a) Subsistence sector versus monetary sector
 - (b) Characteristics/ features of the subsistence and monetary sectors
 - (c) Importance/ merits of a large monetary sector and the disadvantages of a large subsistence sector
3. Imports and exports:
 - (a) Imports versus exports
 - (b) The structure of Uganda's exports and imports
 - (c) Effects of such a structure
 - (d) Ways of improving the import-export structure
4. Ownership of business organisations:
 - (a) Private sector versus public sector enterprises
 - (b) Businesses under the private sector (sole proprietorships, partnerships, joint stock companies) and under the public sector (parastatals and public corporations)
 - (c) Features/ characteristics, advantages, disadvantages of the different business organisations
 - (d) Advantages and disadvantages of private ownership and public/ state/ government ownership of business enterprises; justification of private ownership and government ownership of business enterprises



- (e) Problems faced by private and public/ state enterprises
- 5. Privatisation:
 - (a) Definition
 - (b) Forms/ ways of privatisation
 - (c) Need for privatisation
 - (d) Advantages and disadvantages of privatisation
 - (e) Problems encountered in the privatisation process
- 6. Economic dependence:
 - (a) Definition
 - (b) Forms/ types of economic dependence (trade dependence, sectoral dependence, direct economic dependence, external resource dependence)
 - (c) Effects of economic dependence on the economy
 - (d) Ways of minimising economic dependence
- 7. Structural adjustment programmes (SAPs):
 - (a) Meaning
 - (b) Objectives of SAPs
 - (c) Implementation of the SAPs in Uganda: privatisation, liberalisation, retrenchment, agricultural modernisation, export promotion
 - (d) Advantages and disadvantages of SAPs

P. ETHICS AND SOCIETY

- 1. Ethical issues that arise from the:
 - (a) Nature of markets in which business operates
 - (b) Responsibility of business to society
 - (c) Internal and industry practices of business

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