



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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MAIN EXAMINATION

JANUARY – APRIL 2014 TRIMESTER

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING AND FINANCE

REGULAR PROGRAMME

CEC 315: LABOUR ECONOMICS

Date: APRIL 2014

Duration: 2 Hours

INSTRUCTIONS: Answer Question ONE and ANY OTHER TWO Questions

- Q1. a) Define Labour Economics. **(3 marks)**
- b) Discuss the unique features that make labour economics different from other branches of economics. **(8 marks)**
- c) Distinguish between short-run and long-run labour demand. **(2 marks)**
- d) Briefly explain how to analyze labour demand in the long-run for competitive markets. **(2 marks)**
- e) Explain the concept of monopsony as used in labour economics. **(3 marks)**
- f) Discuss the Marshall's **FOUR** rules of derived labour demand. **(8 marks)**
- g) Explain any **TWO** reasons for increase in female labour participation rates. **(4 marks)**
- Q2. a) Distinguish between work and leisure. **(2 marks)**

- b) Define labour supply and discuss the actors that affect labour supply in a competitive market. **(6 marks)**
- c) Discuss any **FOUR** testable predications of the static labour supply model. **(12 marks)**
- Q3. a) Discuss labour force participation under the following headings:
- i) Meaning of labour force participation. **(3 marks)**
 - ii) Effects of increase in wages rate on participation. **(5 marks)**
 - iii) Effects of social security on labour force participation. **(5 marks)**
- b) Discuss the scope of labour markets. **(7 marks)**
- Q4. a) Define human capital. **(2 marks)**
- b) Discuss the uses of human capital under the following views:
- i) Becker view **(3 marks)**
 - ii) Gardener view **(3 marks)**
 - iii) The Schultz/Nelson – Phelps view. **(3 marks)**
- c) Discuss any **THREE** sources of human capital differences. **(9 marks)**

END