

**UGANDA MARTYRS UNIVERSITY**  
**YEAR TWO, SEMESTER ONE EXAMINATIONS**  
**ECO: 2104, LABOUR RELATIONS AND ECONOMICS**

DATE: MON.12<sup>TH</sup>.DEC.2022

DURATION 3HRS

TIME: 9:30---12:00PM

**INSTRUCTIONS:**

*Attempt four questions in all*

*All questions carry equal marks*

- 1 a) Explain the concepts of labour economics ( 3 marks )
  - b) Examine the relevance of studying labour economics to analysts, planners and managers (8 marks )
  - c) Labour is concerned with issues that affect or concerns labour force, explain the different issues that concerns labour force ( 14 marks )
- 2 a) Explain the causes of child labour in Africa ( 6 marks )
  - b) The problems of child Labour exist throughout the world. It is however common in developing countries, particularly rural areas where the capacity to enforce minimum age requirements for schooling and work does not exist. Here children are being exploited and forced into child labour. They have little or no chance of receiving formal education. How can the above challenges be addressed? (12 marks )
  - c) Examine the factors that determine labour force in developing countries ( 7 marks )
- 3a) Distinguish between the following concepts:
  - i ) Income –Leisure choice model and the budget constraint for leisure and work ( 6 marks )
  - ii) An indifference curve and an indifference map ( 6 marks )

iii) indifference curve for individual with strong preference for leisure and indifference curve for individuals with strong preference for work ( 6 marks )

b) Explain the properties of the indifference curves ( 7 marks )

4 a) With the aid of well labelled diagrams, write short notes on the following concepts as used in labour supply:

- i) Optimization of income – leisure choice decision ( 6 marks )
- ii) Income- leisure choice for an individual with non labour income ( 6 marks )
- iii) Corner solution ( 6 marks )

b) What are the criticisms of the income- leisure choice model in analyzing labour as a factor of production ( 7 marks )

5 a) What are the assumptions of the Marginal revenue productivity (MRP) theory as used in labour demand? ( 10 marks )

b) Explain the limitations of Marginal revenue productivity (MRP) theory in labour demand? ( 15 marks )

6 a) Distinguish between labour markets and competitive equilibrium ( 4 marks )

b) Explain the effects of taxes and subsidies on labour market equilibrium to both employers and employees ( 8 marks )

c) Examine the merits and demerits of a minimum wage policy in developing countries ( 13 marks )

7 a) Explain the different types of trade unions that exist in developing countries ( 6 marks )

b) Discuss the factors that determine the performance of trade unions in developing countries ( 10 marks )

c) Explain the challenges faced by trade unions in their strive to achieve their objectives in developing countries ( 9 marks )