

**UNIVERSITY OF KABIANGA**

**UNIVERSITY EXAMINATIONS**

**2014/2015 ACADEMIC YEAR**

**FOURTH YEAR SECOND SEMESTER EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF ARTS (ECONOMICS)**

**COURSE CODE: ECO 419**

**COURSE TITLE: ECONOMICS OF LABOUR AND INDUSTRY II**

**INSTRUCTIONS:**

Answer question **ONE** and any other **THREE** questions.

**QUESTION ONE**

1. Examine the role that industries play in developing countries. (12 marks)
2. Discuss the key obstacles faced by developing countries in their industrial sectors and how can these obstacles be overcome. (13 marks)

**QUESTION TWO**

1. Discuss the various policies used by governments to combat market power and explain why there is a need to regulate economic activities. (9 marks)
2. Explain briefly the following terms;
3. Workers compensation. (3 marks)
4. Environment protection. (3 marks)

**QUESTION THREE**

1. Citing relevant examples from Kenya, discuss how the concept of vertical integration has been applied. (8 marks)
2. Explain the condition under which price discrimination can be practiced and the reasons for its wide spread use. (7 marks)

**QUESTION FOUR**

1. Discuss the following in relation to workers safety;
2. Labour welfare programs. (5 marks)
3. Workers compensation. (5 marks)
4. Environmental protection. (5 marks)

**QUESTION FIVE**

1. Explain the game theory approach to the analysis. (8 marks)
2. Explain how the prisoner’s dilemma can be applied to oligopoly pricing. (7 marks)

**QUESTION SIX**

1. Give reasons why monopolies are considered to be harmful? Can they ever be beneficial? (9 marks)
2. Explain the main sources of monopoly power. (6 marks)