



MASENO UNIVERSITY

UNIVERSITY EXAMINATIONS 2016/2017

THIRD YEAR FIRST SEMESTER EXAMINATIONS FOR THE
DEGREE OF BACHELOR OF ARTS IN ECONOMICS WITH
INFORMATION TECHNOLOGY

MAIN CAMPUS

AEC 316: INDUSTRIAL ECONOMICS

Date: 12th December, 2016

Time: 12.00 - 3.00 pm

INSTRUCTIONS:

- Answer question ONE and any other THREE questions.

QUESTION ONE

- a) In microeconomic theory, firms are believed to pursue profit maximization. However the case may not be true in industrial organization. Explain (5 marks)
- b) Explain the possible effects of industrial transition from perfect competitive markets to various levels of imperfect market conditions on consumers and producers (20 marks)

QUESTION TWO

- a) Distinguish between descriptive industrial economics and analytical industrial economics (5 marks)
- b) Microeconomic theories and principles explain behavior of firms under perfect competition and monopolistic competition. Discuss how the theories and principles are used to explain welfare gains or losses in industrial economics (10 marks).

QUESTION THREE

Discuss the merits and demerits of three methods of measuring market power of firms. (15 marks)

QUESTION FOUR

Discuss the effects of privatization and liberalization policies on industrial organization (15 marks)

QUESTION FIVE

Identify and discuss the four traditional theories which have attempted to explain the evolution of industrial economics (15 marks)

QUESTION SIX

Discuss the role of trade unions in industrial development (15 marks)