



Course Code: ECO 409/ECN 213

Course Title: Labour Economics

Instruction: Answer any THREE questions. Each question carries 20 marks.

Time Allowed: 2 hours

Date: 15 March 2019

Question One

Outline and discuss five critical problems of the Nigerian labour market. *20 marks*

Question Two

a. Mass and Persistent long term unemployment have remained important features of the Nigerian economy. Explain the three types of labour unemployment and explain which better explains the Nigerian unemployment situation. *14 marks*

b. Outline two policy measures that can help tackle the unemployment scourge in Nigeria.

6 marks **Question Three**

Some economists have alleged that the local market-for nurses' services can be correctly modeled as a monopsony in which there is only a single employer - the local hospital.

a. Explain how the wages of nurses and the level of employment are determined in this case. *8 marks*

b. Is the level of employment efficient? Explain carefully. *4 marks*

c. If the nurses form a union and bargain collectively over wages with the hospital, what are the implications for the level of wages and the employment level for nurses? *8 marks*

Question Four

A proposal to increase the minimum wage is now under consideration.

a. Show how raising the minimum wage will affect the number of unskilled workers employed and the total earnings of those with jobs. How will these be affected by the elasticity of demand for unskilled labor? *8 marks*

b. Explain what determines the elasticity of demand for unskilled labor in any given industry. *8 marks*

c. Explain why unions think that high minimum wages are in their interest. *6 marks*

Question Five

Use economic theory to explain the following relationships:

a. Introduction of Automated Bakery Technology and demand for labour in the bakery industry. *5 marks*

b. The demand elasticity for workers in an industry where labour costs is just 5 percent of the production costs. *5 marks*

c. The rise in online University education on the demand for University workers in conventional Universities. *5 marks*

d. Supply of Doctors and the increase in the years of training for doctors from 6 to 8. *5 marks*