

UNIVERSITY OF FORT HARE

Labour Economics
ECO 323/E

DEGREE EXAMINATIONS

NOVEMBER

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Time: 3 Hours
Subject: ECO 323/E
Marks: 100

This paper consists of 3 pages including the cover page

Internal Examiners
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INSTRUCTIONS

Answer any FOUR (4) questions. All questions carry equal marks.
Write legibly and where necessary draw clear and fully labeled graphs.

Question One [25 Marks]

- a. Name and briefly describe five consequences HIV/AIDS had and will have on the South African labour market and economy. [5]
- b. Labour can be visualized as playing two interrelated roles in the economy. Explain fully. [8]
- c. The labour market is unique as compared to the goods market. Clearly discuss the unique characteristics of the labour market and the objectives of the labour market. [12]

Question Two [25 Marks]

- a. Discuss the determinants of elasticity of labour demand. [10]
- b. Investment in Human Capital (IHC) has certain costs and benefits. With reference to this statement and making clear your assumption(s), show how IHC enhances the individual's life-time earnings. In your answer, you should also indicate the factors determining the individual's willingness to undertake IHC. [15]

Question Three [25 Marks]

In South Africa, there are several forms of welfare schemes. Discuss with clear diagrammatic illustration(s) the effect of such schemes on labour supply by individuals. [25]

Question Four [25 Marks]

- a. Indicate the factors, if any, influencing the relative power of the collective bargaining parties involved with specific reference to South Africa. [10]
- b. "Unemployment is probably the most severe problem South African society is experiencing and it is conceivably the root cause of many other problems, such as crime and violence" (Barker, 2007). Discuss the reasons why it is believed that job creation should become the highest policy priority in South Africa. [15]

Question Five [25 Marks]

- a. Is there any justification in theory and practice for the private sector to be involved with the education and/or training of the work force in South Africa? Explain. [10]
- b. Explain clearly how a change in wage rate will result in a backward-bending individual labour supply curve. Distinguish clearly the difference between income and substitution effects. [15]

Question Six [25 Marks]

With the aid of appropriate diagram(s), explain how taste discrimination can affect the employer's hiring decision against the employment of, and wages paid, to women, commenting on the applicability of such discrimination to South Africa.

[25]