PRIFYSGOL ABERYSTWYTH UNIVERSITY

ARHOLIADAU EXAMINATIONS

SEMESTER TWO EXAMINATIONS, 2026

ABERYSTWYTH BUSINESS SCHOOL

MAE MODD I FYFYRWYR GYFLWYNO ATEBION I'R PAPUR HWN NAILL AI YN Y GYMRAEG NEU'R SAESNEG
STUDENTS MAY SUBMIT ANSWERS TO THIS PAPER IN EITHER WELSH OR ENGLISH

AB33620 Labour Economics

Time allowed: ***3 hours***

Answer <u>THREE</u> questions

CALCULATORS ARE PERMITTED (Casio FX83 or FX85 models only)

Once seated, students may complete the front cover of the answer book(s) and the attendance slip ONLY.

<u>DO NOT</u> TURN THE EXAMINATION QUESTION PAPER OVER UNTIL INSTRUCTED TO DO SO.

Question 1

a) Outline the ways inequality has been measured. (40)
b) Discuss the causal factors behind the increase in wage inequality from the end of last century. (60)

Question 2:

a) Economists distinguish between various types of unemployment. Describe these explaining the causes of unemployment for each type. (50)
b) Explain how unemployment has been measured. Would you suggest alternative measures and if so, why? What policies would you suggest to increase the employment level? (50)

Question 3:

a) Explain the concept of "taste discrimination" distinguishing between employer, employee and customer discrimination. (60)
b) In what sense is statistical discrimination different from the above? Explain your answer. (40)

Question 4:

a) Explain the difficulty in defining who is an entrepreneur. (40)
b) Discuss the factors conducive to becoming an entrepreneur. Consider both supply and demand factors. (60)

Question 5:

a) Discuss the effects of the increase of the minimum wage. (50)

b) You have been tasked with evaluating a pilot universal basic income programme for all working-age adults in Wales. It ensures that all working-age adults receive £900 per month, i.e. if one's income is less than £900, it is topped up to equal £900. Universal basic income replaces all other welfare programmes. What is the effect of Universal Basic income on individual labour supply? Use a consumption-leisure choice diagram to explain your answer. What are other possible effects of this programme? (50)

Question 6:

a) Your current annual income in London is £100,000. You are considering a move to New York that costs £20,000 but will result in your annual income increasing to £120,000, including in the year of the move. Your personal discount is 10%. You are considering moving for a fixed duration of five years and a move back to London will cost you £20,000 in the fifth year. Is it worth moving to New York? Show your calculations. (50)

b) Explain the Roy model of international migration flows. (50)

END OF PAPER