

UNIVERSITY COLLEGE LONDON

University of London

EXAMINATION FOR INTERNAL STUDENTS

For the following qualifications:-

M.Sc.

ESGC1: The Economics of Construction: Economics, Sectors and Industries

COURSE CODE : ENVSGC01

DATE : 29-Aug-03

TIME : 10.00

TIME ALLOWED : 2 hours 0 minutes

03-N3-4-20

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TURN OVER

MSc CEM

C01 Economics of construction – economies, sectors and industries

Year 2002/3 Resit examination August 2003

Candidates should answer two questions

Length of exam: two hours

1] Why have most firms in the construction sector in Western Europe (including the UK) in the last few decades experienced a downward trend in profit margins and a low rate of business growth?

2] Explain the decision-rules for profit maximisation for a firm operating in perfectly competitive markets, both for its product and for its factor inputs. To what extent do construction markets meet the conditions that have to be met for a market to be perfectly competitive? How does a change in the overall level of costs affect the market price for a product under perfect competition?

3] Develop a multi-sector circular flow model of a national economy, and explore the relationships between the principal components of aggregate demand, of national income, and of output. Trace the consequences, in the model, of a change in the level of one of the components of aggregate demand.

4] Which economic variables will influence the level of investment demand, and thus demand for new construction; in an economy?

END OF PAPER