



W1-2-60-1-6

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATIONS 2017/2018**  
**THIRD YEAR EXAMINATIONS FOR THE DEGREE OF BACHELOR OF SCIENCE IN LAND**  
**RESOURCES PLANNING AND MANAGEMENT**  
**ALP 2306: LAND USE ECONOMICS**  
**DATE: AUGUST 2018** **TIME: 2 HOURS**

**INSTRUCTIONS:**

- Answer all questions in section **A** and any two (2) questions in section **B**
- Read the questions carefully

**SECTION A**

- 1) a. Explain four exceptions to the law of demand (4 Marks)
- b. With the aid of a well labeled diagram distinguish between the following sets of terms:
- i) Change in supply and change in quantity supplied (4 Marks)
  - ii) Change in demand and change in quantity demanded (4 Marks)
  - iii) Normal profits and supernormal profits (3 Marks)
- c. Describe the following terminologies:
- i) Economic Rent (2 Marks)
  - ii) Change in demand (2 Marks)
  - iii) Contract Rent (2 Marks)
  - iv) Transfer earnings (2 Marks)
- d. According to David Ricardo, land rent is price determined and not price determining. Explain this statement. (6 Marks)
- e. In your opinion are the two theories of Ricardo and Von Thunen complementary or are they mutually in opposition to each other (4 Marks)

## SECTION B

2)

- a. Define the term Highest and Best Use (HBU) as used in land use economics. Explain the highest and best use criteria (10 marks)
- b. Describe in detail the following concepts as they relate to land:
  - i) Bid Rent Curve (2 marks)
  - ii) Intensive Margin of Cultivation (2 marks)
  - iii) Extensive margin of cultivation (2 marks)
- c. What are land use restrictions? (4 marks)

3)

- a. Discuss with the aid of well annotated diagrams the Von Thunen's Model of Land Rent (8 marks)
- b. Illustrate what happens to the basic model when the following assumptions are relaxed:
  - Land is homogenous in terms of fertility (2 marks)
  - Uniform transport costs in all directions and a uniform mode of transport for all farmers (2 marks)
  - Puncti-Form market (2 marks)
- c. What are major theoretical significance and weaknesses of Von Thunen's theory of land use and rent? (6 marks)

4)

- a. Discuss with the aid of well annotated diagrams the Central Place Theory (12 marks)
- b. What are major theoretical significance and weaknesses of the Central Place Theory in explaining the patterns of urban development? (8 marks)