PEARSON EDEXCEL IAL ECONOMICS · YEC11

ECONOMICS



EXAM QUESTION PACK

UNIT 3: LABOUR MARKETS

SCORE	PERCENTAGE
/88	%

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Q1.

Study Figures 1 and 2 and Extracts A and B in the Source Booklet before answering this question.

With reference to Extract B, analyse **two** factors that influence the demand for online food delivery.

(Total for question = 6 marks)

Q2.

Study Figure 1 and Extracts A and B in the Source Booklet before answering this question.

With reference to Figure 1 and Extract A, calculate the number of workers employed by SMEs in Bangladesh. You are advised to show your workings.

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(Total for question = 2 marks)

Q3.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

From September 2019 to September 2021 the US labour force participation rate fell.

Which **one** of the following is most likely to have caused this fall in the supply of labour?

☒ **A** An increase in benefit payments

☒ **B** An increase in net migration

☒ **C** An increase in the wage rate

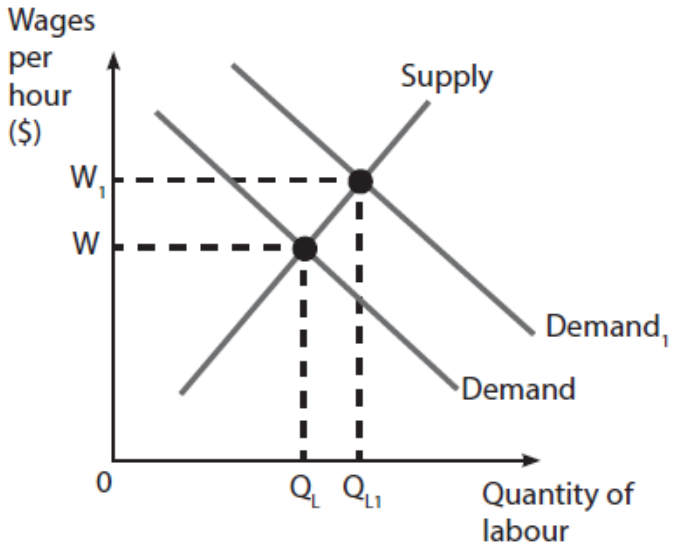
☒ **D** An increase in productivity

(Total for question = 1 mark)

Q4.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

The diagram shows a competitive labour market.



Which **one** of the following would cause the increase in the wage rate from W to W1 as shown in the diagram?

☒ **A** An increase in firms' costs of production

☒ **B** A decrease in the productivity of labour

☒ **C** An increase in demand for the final product

☒ **D** A decrease in net migration

(Total for question = 1 mark)

Q5.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

In Australia the elasticity of demand for construction workers is estimated to be –0.18.

Which **one** of the following factors is the most likely explanation of this elasticity of demand for construction workers?

☒ **A** The construction workers cannot be easily replaced by capital

☒ **B** The costs of employing construction workers are low

☒ **C** The productivity of construction workers is low

☒ **D** The majority of construction workers are members of trade unions

(Total for question = 1 mark)

Q6.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

Between 2009 and 2019 real house prices in Sydney, Australia rose by 40%. This price increase was more than in any other part of Australia.

What might be the effect of this increase in house prices in Sydney on the mobility of labour?

☒ **A** A decrease in the geographical mobility of labour

☒ **B** A decrease in the occupational mobility of labour

☒ **C** An increase in the geographical mobility of labour

☒ **D** An increase in the occupational mobility of labour

(Total for question = 1 mark)

Q7.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

In 2019 the minimum wage rate in Spain was increased by 22%.

If the elasticity demand for labour currently earning the minimum wage is −0.6, then the demand for these workers will

☒ **A** rise by 13.2%

☒ **B** fall by 13.2%

☒ **C** rise by 36.7%

☒ **D** fall by 36.7%

(Total for question = 1 mark)

Q8.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

In 2017 the Centre for Economic Analysis estimated that the elasticity of supply of labour for car manufacturing in Poland was 1.3.

Which **one** of the following would have caused the elasticity of the supply of labour to become more elastic?

☒ **A** A fall in net migration

☒ **B** A rise in the level of welfare benefits

☒ **C** A fall in income tax rates

☒ **D** A rise in trade union membership

(Total for question = 1 mark)

Q9.

In February 2020 the Indian Government announced plans for university degrees to be fully accessed online. This was to make higher education more accessible and to increase the skills of India's young people. Previously only 20% of a degree could be studied online.

Evaluate measures to reduce the occupational and geographical immobility of labour.

(Total for question = 20 marks)

Q10.

In 2023 the highest-paid lawyers in Switzerland earned, on average, three times more than the lowest-paid lawyers.

Evaluate possible reasons for wage differentials in an occupation of your choice.

Illustrate your answer with an appropriate diagram(s).

(Total for question = 20 marks)

Q11.

In New Zealand, in 2018, it was estimated that the average worker employed in the private sector earned 30% less than the average worker in the public sector.

Evaluate the reasons why wage differences exist.

Illustrate your answer with an appropriate diagram(s).

(Total for question = 20 marks)

Q12.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

India's net migration was –2.7 million in 2017. This caused a decrease in the supply of labour.

Which other factor would also cause a decrease in India's supply of labour?

☐ **A** An increase in the level of welfare benefits

☐ **B** A decrease in the productivity of labour

☐ **C** An increase in the size of the population

☐ **D** A decrease in the price of capital

(Total for question = 1 mark)

Q13.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

Ceteris paribus, which **one** of the following would reduce the geographical mobility of labour within a country?

☐ **A** An increase in relocation grants paid by the government

☐ **B** An increase in the costs of relocating from one region to another

☐ **C** More accurate information about job opportunities in different locations

☐ **D** Similar average house prices in different regions of the country

(Total for question = 1 mark)

Q14.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

A 2022 study found that the geographical mobility of labour in the USA has been decreasing for the last 30 years.

Which **one** of the following is most likely to cause a decrease in the geographical mobility of labour?

☒ **A** An increase in the skills of the workforce

☒ **B** An increase in relocation grants provided by the government

☒ **C** An increase in average house prices and rents

☒ **D** An increase in the availability of affordable housing

(Total for question = 1 mark)

Q15.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

A survey conducted in 2021 found that 76% of US companies with factories in China were in the process of moving operations to other countries in southeast Asia. This would cause thousands of manufacturing workers in China to lose their jobs.

Which **one** of the following government measures is most likely to increase the occupational mobility of labour?

☒ **A** An increase in unemployment benefits

☒ **B** An increase in relocation grants for businesses

☒ **C** An increase in training schemes

☒ **D** An increase in the national minimum wage

(Total for question = 1 mark)

Q16.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

The table shows a firm's total costs of producing textbooks.

Output	Total costs ($)
0	14 000
1 000	15 000
2 000	16 000
3 000	17 000
4 000	18 000
5 000	19 000

What would be the average variable cost at an output of 4 000 textbooks?

☒ **A** $0.75

☒ **B** $1.00

☒ **C** $3.25

☒ **D** $4.50

(Total for question = 1 mark)

Q17.

In 2016 workers in the USA were changing jobs less frequently than at any time since the 1970s.

Which **one** of the following can be deduced from the above information?

☒ **A** There had been a decrease in the skills of the workforce

☒ **B** There had been a decrease in house prices and rents

☒ **C** There had been an increase in transferable skills

☒ **D** There had been an increase in the number of job vacancies

(Total for question = 1 mark)

Q18.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

The elasticity of demand for agricultural workers in South Africa is estimated to be –0.3.

Which **one** of the following is the most likely reason for this value of the elasticity of demand for labour?

☒ **A** Labour cannot be easily replaced by capital

☒ **B** Wage rates are relatively high in the agricultural industry

☒ **C** Consumer demand for the final product is price elastic

☒ **D** Productivity is relatively low in the agricultural industry

(Total for question = 1 mark)

Q19.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

In 2002 the elasticity of demand for agricultural labour in South Africa was estimated to be

−1.32.

Which **one** of the following is most likely to influence the elasticity of demand for agricultural labour?

☒ **A** The cost of capital required for farming relative to the cost of agricultural labour

☒ **B** The level of educational qualifications required to be an agricultural worker

☒ **C** The location of agricultural jobs in South Africa

☒ **D** The occupational and the geographical mobility of labour

(Total for question = 1 mark)

Q20.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

Which **one** of the following is most likely to cause the supply of engineers to the aerospace industry to be inelastic?

☒ **A** Jobs in the aerospace industry require a high level of skill

☒ **B** Aerospace engineers are very responsive to changes in wage rates

☒ **C** The government provides support for training programmes

☒ **D** There is a fall in demand for aerospace industry products

(Total for question = 1 mark)

Q21.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

It is estimated that Japan's population of working age will fall from 65.3 million in 2017 to 60.8 million in 2025.

Ceteris paribus, which **one** of the following might result from this fall in Japan's population of working age?

☒ **A** A decrease in job vacancies

☒ **B** An increase in the rate of unemployment

☒ **C** A decrease in immigration into Japan

☒ **D** An increase in wage rates

(Total for question = 1 mark)

Q22.

Which **one** of the following is most likely to cause the demand for labour to be elastic?

☒ **A** Labour costs form a high proportion of total costs

☒ **B** Labour cannot be easily replaced by capital

☒ **C** Consumer demand for the final product is inelastic

☒ **D** A long training period is needed once workers have been recruited

(Total for question = 1 mark)

Q23.

Answer the question with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

The elasticity of demand for labour for workers in the shipbuilding industry in France is estimated to be −0.88.

Which **one** of the following is most likely to cause the demand for labour to be inelastic?

☒ **A** Labour can be easily substituted by capital

☒ **B** The workers are all members of a trade union

☒ **C** There is a large supply of labour available to work in the industry

☒ **D** Labour costs are a small percentage of total costs

(Total for question = 1 mark)

Q24.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

A firm employs 50 workers in its factory. Each worker is paid a weekly wage of $1 500. To attract an additional worker the firm needs to raise the wage from $1 500 a week to $1 600 a week for each of its employees.

Which **one** of the following is the marginal cost of employing the additional worker?

☒ **A** $100

☒ **B** $6 600

☒ **C** $75 000

☒ **D** $81 600

(Total for question = 1 mark)

Q25.

Questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

Total revenue for American Airlines fell from $45.77 billion in 2019 to $17.34 billion in 2020. In response, American Airlines made 31 000 staff redundant.

Which **one** of the following was the most likely reason for these staff redundancies?

☒ **A** The number of airline passengers rose

☒ **B** The derived demand for labour fell

☒ **C** Government employment subsidies to airlines increased

☒ **D** Taxation on airline employees decreased

(Total for question = 1 mark)