

# 3.3. Workers

## Question Paper

Course	CIEIGCSE Economics
Section	3. Microeconomic Decision Makers
Topic	3.3. Workers
Difficulty	Medium

**Time allowed:** 170  
**Score:** /138  
**Percentage:** /100

### **Question 1**

Italy is home to the world's oldest bank and some of the world's oldest car producers. Internationally, both industries are facing a number of challenges. The wages of bank workers and car workers are increasing. Demand for bank loans and for cars is changing, in part, due to changes in population size. It is predicted that the price elasticity of demand (PED) for cars will also change in the future.

**Analyse** the possible causes of a rise in the wages of bank workers.

**[6 marks]**

### **Question 2**

Wage rate growth has increased recently in Kazakhstan, but its economic growth rate has slowed. This is, in part, due to a fall in exports. To try to increase the economic growth rate, the government has increased its spending on investment. In August 2015, it adopted a floating foreign exchange rate system in an attempt to improve the country's macroeconomic performance.

**Define** wages.

**[2 marks]**

### **Question 3**

**Discuss** whether or not an increase in wages will always attract more people to work in Kenya's flower industry.

Refer to the [source material](#) in your answers

**[6 marks]**

### **Question 4**

The main industries in the Seychelles, an island country in the Indian ocean, are tourism and fishing. The price elasticity of supply of fish is affected by the relatively short time that fish can be stored. Economic goods and free goods play a role in both fishing and tourism. With rises in the skills of workers and an increase in enterprise, GDP per head has increased by more than seven times over the last fifty years

**Discuss** whether or not skilled workers are always paid more than unskilled workers.

**[8 marks]**

**Question 5**

In 2015, the Malaysian government set out its objectives to increase productivity and savings. There has been higher consumer expenditure, driven in part by higher wages received mainly by older workers. However, low levels of savings remain a concern. Savings provide funds for investment (spending on capital goods) which contributes to economic growth and can influence inflation.

**Discuss** whether or not older workers are paid more than young workers

**[8 marks]**

### Question 6

**Identify**, using information from the extract, **two** factors that influence an individual's choice of occupation.

Refer to the [source material](#) in your answers

[2 marks]

### Question 7

**Explain**, using information from the extract, why wage rises have been low in Japan.

Refer to the [source material](#) in your answers

[4 marks]

### Question 8

It was announced in November 2016 that 500 and 1000 rupee banknotes could no longer be used in shops in India. These were replaced by the central bank, an institution that makes extensive use of division of labour. In India, cash is still an important form of money used in economic transactions. The replacement of banknotes put pressure on banking staff and other workers in the tertiary sector, and affected the general price level.

**Explain** two reasons why workers in the tertiary sector may be paid more than workers in the primary sector.

[4 marks]

**Question 9**

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**Analyse** the advantages for firms of using division of labour.

[6 marks]

### Question 10

**Analyse**, using Table 1.1, the relationship between average weekly hours worked and average weekly wages.

Refer to the [source material](#) in your answers.

[5 marks]

### Question 11

**Explain**, using information from the extract, **one** reason for differences in earnings between different jobs in New York.

Refer to the [source material](#) in your answers.

[2 marks]

### Question 12

In 2016, Argentina's annual inflation was 20%, down from 40% in 2015. Inflation had been high since 2003. Wages were constantly adjusted upwards. In addition, some employees demanded more non-wage benefits. Industrial action, often in the form of strikes called by trade unions, became more common in Argentina.

**Identify two** non-wage factors that could affect an individual's choice of occupation.

[2 marks]

### **Question 13**

Between 2007 and 2017, the average wage in China tripled, while it fell in Brazil. The rise in average wage in China was particularly high in the tertiary sector. Farm workers experienced a smaller rise. In June 2017, unemployment in China was only 4% while it was 13.5% in Brazil. Despite the lower unemployment, China's inflation rate was lower than that of Brazil.

Explain **two** reasons why farm workers may be low-paid.

**[4 marks]**

### **Question 14**

In February 2017, China's central bank raised the rate of interest. It wanted to reduce borrowing and the growth of the money supply, but it was worried that the rise in the interest rate might reduce the country's economic growth rate. The change in interest rate is likely to have increased the workload of skilled commercial bank workers.

**Analyse** why skilled workers are usually paid more than unskilled workers.

**[6 marks]**



### **Question 15**

Ireland has attracted a significant number of foreign multinational companies (MNCs) to set up production in the country. These firms employ approximately 10% of the country's labour force and make a high proportion of Ireland's exports. The surplus on the current account of Ireland's balance of payments fell in 2016 while government spending rose.

**Explain** two reasons why someone may want to work for an MNC.

**[4 marks]**

### **Question 16**

The mobile (cell) phone industry is growing in Asia with more workers being employed. In March 2017, there was a merger between two mobile phone producers, both of which had relatively high fixed costs. This merger created one of the largest mobile phone firms and moved the Asian market further from perfect competition and closer to monopoly. It was expected that profits in the industry would increase as a result of the merger.

**Analyse** what determines a firm's demand for labour.

**[6 marks]**

### **Question 17**

Teachers in many countries oppose their governments' cuts in spending on education. They worry that this could reduce the standard of education and also the welfare of teachers employed in the state sector. Some teachers specialise in teaching one subject while others teach a number of subjects.

**Identify two** reasons why a person may want to work in the state sector.

**[2 marks]**

### **Question 18**

Teachers in many countries oppose their governments' cuts in spending on education. They worry that this could reduce the standard of education and also the welfare of teachers employed in the state sector. Some teachers specialise in teaching one subject while others teach a number of subjects.

**Discuss** whether or not a worker would benefit by specialising.

**[8 marks]**

### Question 19

During a recent recession in Europe, Spain had an unemployment rate of over 25%. This led to high levels of emigration from Spain into higher-wage European economies such as Germany and the UK. This has created both opportunities and problems in countries where immigration was higher than emigration.

**Explain two** reasons for wage differentials between different economies.

[4 marks]

### Question 20

UK students often take jobs during their holidays and some save part of their income to pay their tuition fees. UK graduates earn, on average, £8500 a year more than non-graduates. Economics graduates had the second highest average earnings of all UK graduates in 2016. The top 10% of economics graduates earned £115000 a year.

**Define** *earnings*.

[2 marks]

### **Question 21**

UK students often take jobs during their holidays and some save part of their income to pay their tuition fees. UK graduates earn, on average, £8500 a year more than non-graduates. Economics graduates had the second highest average earnings of all UK graduates in 2016. The top 10% of economics graduates earned £115000 a year.

**Explain** two non-wage factors that influence an individual's choice of occupation.

**[4 marks]**

### **Question 22**

UK students often take jobs during their holidays and some save part of their income to pay their tuition fees. UK graduates earn, on average, £8500 a year more than non-graduates. Economics graduates had the second highest average earnings of all UK graduates in 2016. The top 10% of economics graduates earned £115000 a year.

**Analyse** why economics graduates are well-paid.

**[6 marks]**

### **Question 23**

Productivity has fallen recently in Finland particularly in the public sector. The country has a relatively high number of small firms. In recent years the price elasticity of demand and the price elasticity of supply of the products made by Finnish firms have changed.

**Explain** the difference between the private sector and the public sector.

**[2 marks]**

### **Question 24**

A relatively high proportion of people from the Philippines either work in call centres or abroad. Call centres employ 1.2 million people in the Philippines and account for 8% of the country's Gross Domestic Product. Due to the time difference with the US, the main market for call centre services, many Filipinos have to work at night. The call centres are introducing new technology including robots.

**Explain two** reasons why a person may be willing to work at night.

**[4 marks]**

### Question 25

The price of dental treatment is increasing in most countries. For example, the average price of filling a tooth is \$180 in the US. The number of dentists is increasing in the US. The largest proportion of the US labour force is employed in the tertiary sector. Price changes have an impact on the supply of products in the tertiary sector as well as in the primary and secondary sectors.

**Identify** two reasons why someone may choose to train to become a dentist.

[2 marks]

### Question 26

The price of dental treatment is increasing in most countries. For example, the average price of filling a tooth is \$180 in the US. The number of dentists is increasing in the US. The largest proportion of the US labour force is employed in the tertiary sector. Price changes have an impact on the supply of products in the tertiary sector as well as in the primary and secondary sectors.

**Analyse** the advantages of an increase in a country's labour force.

[6 marks]

### Question 27

**Discuss** whether or not older workers are always paid more than younger workers.

Refer to the [source material](#) in your answers.

[5 marks]

### **Question 28**

In England football stadiums are usually built and financed by the private sector, but in some countries the stadiums are built and financed by the government. Many football stadiums in the English Premier League are full on match days. In the short run the supply of seats is perfectly inelastic. The football clubs could actually raise prices, still sell their tickets and so raise their profits. Premier League footballers currently receive very high wages.

**Analyse** why Premier League footballers receive very high wages.

[6 marks]

### **Question 29**

More than 80% of Qatar's population are immigrants. Net immigration has helped to meet the country's demand for labour. As well as a shortage of workers, the country has a shortage of drinking water. The government has run public campaigns to stop people using their free supply of drinking water to fill their swimming pools and water their gardens. In 2016, the government increased its spending to increase the country's economic growth rate.

**Analyse** what determines the demand for labour.

**[6 marks]**

### **Question 30**

In October 2015, the Chinese government switched from its one child policy to a two child policy partly because of the challenges caused by an ageing population. The birth rate was falling anyway due to rising female participation in the labour force, improvements in education, later marriages and the rapidly rising price of housing.

**Analyse** why more women may enter the labour force.

**[6 marks]**



