

Workers

Read online at pastopic.com/cambridge/economics-0455/notes/workers

Last checked 1 October 2026

Read first: [Demand](#), [Supply](#), [Price determination](#)

© 2026 Pastopic. Free for personal study. Please share the link, not the file.

What you need to know

This topic has four syllabus outcomes. In plain words, you should be able to:

1. **Explain why a person chooses a job**, using **wage factors** (pay, overtime, bonuses) and **non-wage factors** (working conditions, hours, holidays, job security, promotion chances, training, fringe benefits such as a pension, job satisfaction, location).
 2. **Explain how wages are set**: by the **demand for** and **supply of** workers, by the **bargaining power** of workers (for example through a trade union) against their employers, and by **government policy**, including a **minimum wage**.
 3. **Explain why some workers earn more than others**, using demand and supply, bargaining strength, discrimination and government policy, for four comparisons: **skilled and unskilled**; **primary, secondary and tertiary** sector workers; **men and women**; **private-sector and public-sector** workers. You must be able to **draw and read labour-market diagrams** showing a change in demand or supply.
 4. **Weigh up division of labour (specialisation)**: its advantages and disadvantages for **workers**, for **firms** and for the **whole economy**.
-

Understand it

Choosing a job

When someone picks a job they compare the whole package, not just the pay. Economists split the package into two parts.

- **Wage factors**: the money. The basic wage or salary, overtime pay, bonuses and commission. What matters in the end is what the pay can **buy**: pay after tax and after the cost of living. A job paying \$3000 a month in a city where rent is \$1500 may leave less to live on than a job paying \$2400 where rent is \$600.
- **Non-wage factors**: everything else. Working conditions (safe, clean, stressful or not), hours and holidays, **job security** (how likely you are to lose the job), chances of **promotion**, **training** that raises your future pay, **fringe benefits** (a pension, health insurance, a company car, free meals), the **location** and travel to work, and **job satisfaction** (enjoying the work, feeling useful, status).

So a person can rationally choose a lower-paid job. A public-sector clerk may earn less than a private-sector one but have more job security and a better pension. A nurse may accept modest pay for job satisfaction. A dangerous, dirty or stressful job usually has to pay **more** to attract enough people.

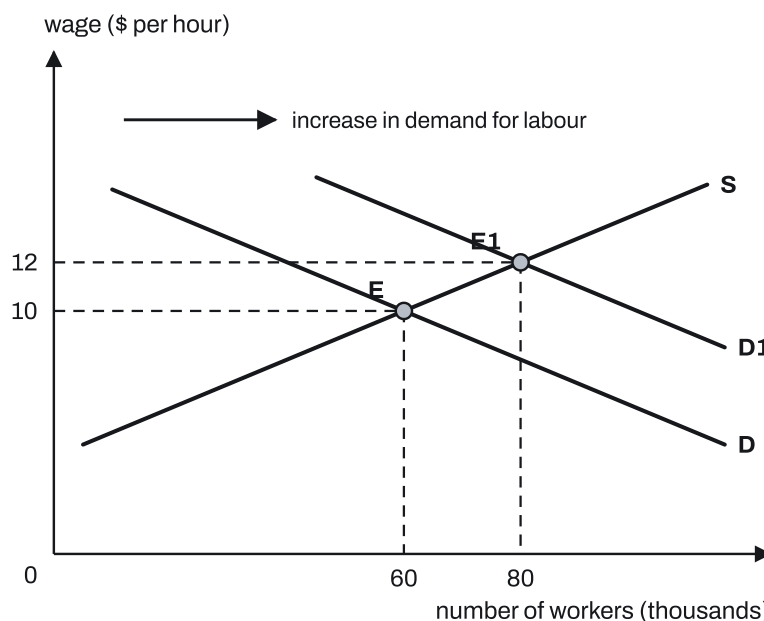
Even when a job is attractive, people may not be able to move into it. Workers are **occupationally immobile** when they lack the skills, qualifications or training for a different job, and **geographically immobile** when they cannot move to where the job is (house prices, family ties, the cost of moving, language). They may also simply not **know** about the vacancies.

The labour market

Wages are a price, the price of labour, and they are set in a labour market like any other price.

- **Demand for labour** comes from firms (and the government). It is a **derived demand**: firms want workers because consumers want what the workers make. Firms hire more workers when the demand for the product rises, when workers become more **productive** (each one adds more output), or when machines that could replace workers become dearer. A demand curve for labour slopes down: at a lower wage, firms want more workers.
- **Supply of labour** is the number of people willing and able to do the job at each wage. It slopes up: a higher wage attracts more people. Supply is larger when a job needs few skills, when more people are trained or qualified for it, when the population or labour force grows (including immigration), and when the job has good non-wage factors.

Where the two curves cross is the **equilibrium wage**, and the number employed there.



In the diagram the demand for labour is $W = 16 - 0.1L$ and the supply is $W = 4 + 0.1L$ (W in dollars per hour, L in thousands of workers). They meet at \$10 and 60 thousand workers. If the product becomes more popular, or workers become more productive, demand shifts right to D_1 ($W = 20 - 0.1L$): the wage **rises** to \$12 and employment **rises** to 80 thousand. The **quantity of labour supplied extends** along S , because the higher wage draws more people in.

The other shifts work the same way:

Change	Curve that shifts	Wage	Number employed
Demand for the product rises, or workers become more productive	demand right	rises	rises
Demand for the product falls, or machines replace workers	demand left	falls	falls
Fewer people have the skills, the labour force shrinks, or the job becomes less pleasant	supply left	rises	falls
More people trained, immigration, more work permits, the job becomes more attractive	supply right	falls	rises

For example, if supply falls to $W = 8 + 0.1L$ (fewer qualified workers) while demand stays at D, the wage rises to \$12 and employment falls to 40 thousand. When **both** curves shift, follow each shift separately: more graduates (supply right) and more demand from new technology (demand right) certainly raise employment, while the wage can go either way depending on which shift is bigger.

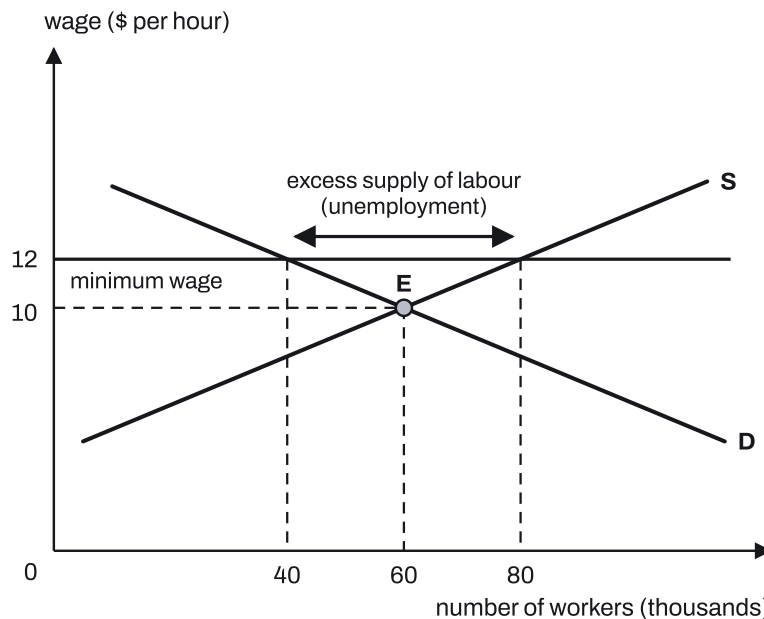
The **elasticity** of supply matters too. If supply is **inelastic** (hard to add workers quickly, because training takes years), a rise in demand mainly raises the wage. If supply is **elastic** (many people could do the job), a rise in demand mainly raises employment and the wage hardly moves.

Bargaining power

Many wages are not set by a free market but **negotiated**. A worker bargaining alone usually has little power: the employer can simply hire someone else. Workers who join a **trade union** bargain together (collective bargaining), and can threaten to stop work, so they can win higher pay. Bargaining power is strongest when workers are hard to replace, when the firm is profitable, when unemployment is low and when many workers belong to the union. It is weak when there are plenty of unemployed people willing to take the job, when union membership falls, or when machines can do the work.

Government policy and the minimum wage

The government affects wages as a big **employer** (teachers, nurses, civil servants), through **laws** (equal pay laws, limits on hours, work permits for foreign workers) and through the **minimum wage**: a legal lowest wage per hour that every employer must pay.

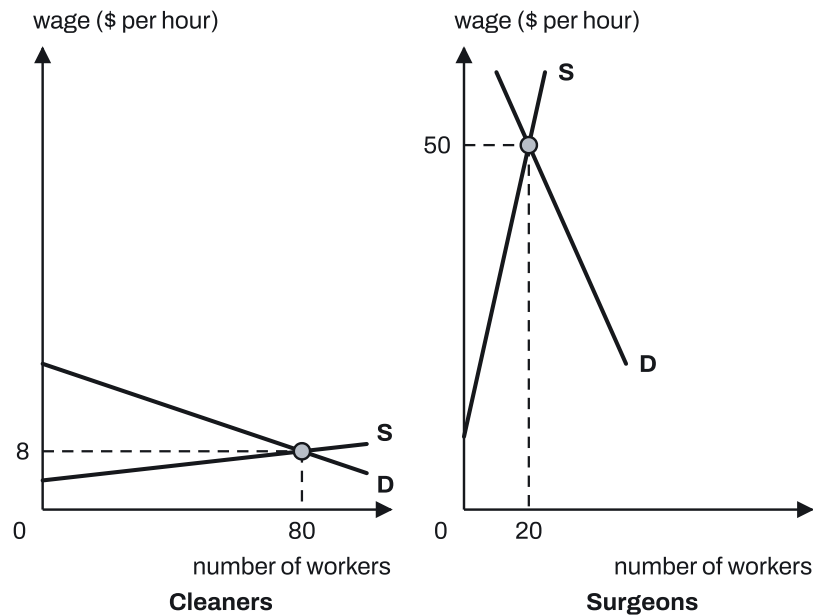


A minimum wage only matters if it is set **above** the equilibrium wage. In the diagram the equilibrium is \$10. A minimum wage of \$12 raises the pay of everyone still employed, but firms now want only 40 thousand workers while 80 thousand want to work. Employment **falls** by 20 thousand (from 60 to 40 thousand) and there is an **excess supply of labour** of 40 thousand: unemployment. A minimum wage set **below** the equilibrium (say \$8 here) has **no effect**: firms already pay \$10.

Whether a real minimum wage causes much unemployment is uncertain. It depends on how far above the market wage it is set, how easily firms can replace workers with machines, and whether higher pay makes workers more motivated and productive. Better-paid workers also spend more, which raises the demand for products and so the demand for labour.

Why earnings differ

Every reason why one group earns more than another comes back to **demand, supply, bargaining power, discrimination or government policy**.



- Skilled and unskilled.** A skilled job such as surgery needs long education and training, so few people **can** do it: supply is small and **inelastic**. Skilled workers are also more productive (each adds more value to the firm), so demand for them is high. High demand meeting low supply gives a high wage. An unskilled job such as cleaning can be done by most people after little training, so supply is large and elastic, and each worker is easy to replace: the wage is low. Unskilled workers are also less likely to be in a union and so have weaker bargaining power. Other points that raise pay: responsibility, danger or stress (to attract enough people), long hours, and a rare talent (top sportspeople and performers, whose supply is tiny and whose work earns huge revenue from fans and sponsors).
- Primary, secondary and tertiary.** Primary-sector jobs (farming, fishing, mining) are often unskilled with plenty of people able to do them, and their products may sell at low prices, so wages are often low. Many tertiary-sector jobs (banking, law, medicine, IT) need high qualifications and produce high-value services, so they pay more. But this is not always true: some tertiary jobs, such as waiting tables or cleaning, are low-paid, while some primary jobs, such as oil-rig work, pay well because they are skilled and dangerous. **Secondary-sector** (manufacturing and construction) workers often do semi-skilled factory work. Machines raise their productivity, and many belong to strong trade unions, so they usually earn more than most primary workers, and often more than low-skilled tertiary workers such as shop assistants, though less than highly qualified tertiary workers. Their jobs are at risk from mechanisation: when machines replace them, demand for their labour falls and so does their pay. The gap between any two sectors changes with demand and supply: if secondary workers become more productive (demand for them rises) while more people train for tertiary jobs (supply there rises), the secondary sector's pay lead over the tertiary sector widens; the opposite changes narrow it.
- Men and women.** On average women earn less than men. Reasons include **discrimination** (being paid less, or not promoted, for the same work), women being more likely to work part-time or to take career breaks to care for children (less experience, fewer promotions), and women being concentrated in lower-paid occupations, sometimes because of fewer chances of education in some countries. Equal pay laws, better childcare and more girls in higher education narrow the gap.

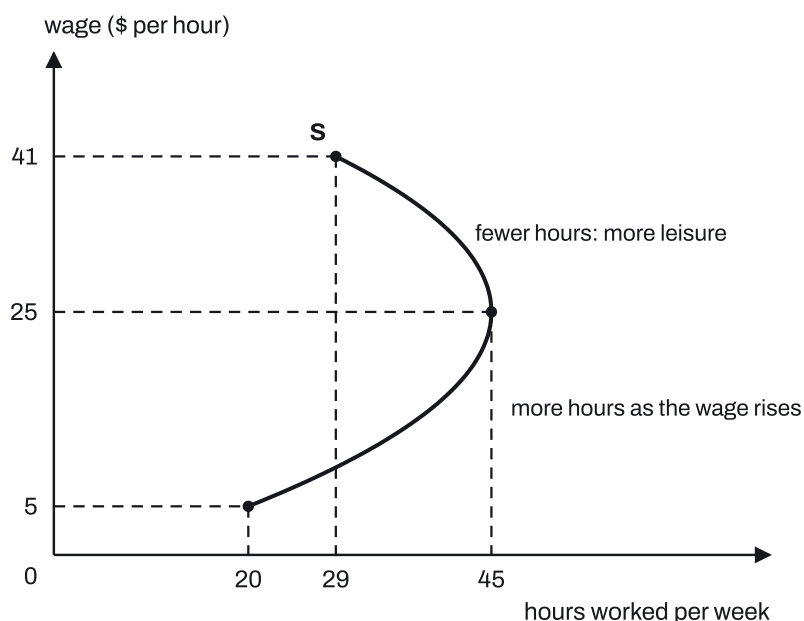
- **Private and public sector.** The government pays public-sector workers from taxes, and may hold pay down to control its spending, or set pay nationally. Private firms may pay more to skilled staff to attract them, and pay bonuses from profits. But public-sector workers often have stronger unions, more job security and better pensions, so for some jobs the public sector pays more.

Discrimination means paying (or treating) someone differently for a reason that has nothing to do with how productive they are: their sex, age, race or religion. Differences in pay because of education, experience or productivity are **not** discrimination.

To compare a pay gap between two countries, use the **ratio**, not the difference. In a country where men earn \$40 an hour and women \$30, women earn 75% of men's pay; where men earn \$12 and women \$8, women earn about 66.7%. The second country has the smaller gap in dollars (\$4 against \$10) but the **larger relative gap**.

When a higher wage means fewer hours

A single worker's supply of labour usually slopes up: a higher wage makes each hour of work worth more, so she works more hours. But after some point she may already earn enough, and would rather have **more leisure** than more income. Then a higher wage leads to **fewer** hours, and her supply curve **bends backwards**.



In the diagram she works 20 hours at \$5 and 45 hours at \$25, but only 29 hours at \$41: she earns $41 \times 29 = 1189$ dollars a week, more than the $25 \times 45 = 1125$ dollars she earned working 16 hours longer.

Division of labour

Division of labour means splitting the making of a product into separate tasks, with each worker doing one task over and over. It is **specialisation** by workers. (Specialisation can also mean a firm, region or country concentrating on a few products.) Instead of one carpenter making a whole chair, one worker cuts, another joins, another sands and another paints.

For workers

Advantages	Disadvantages
Quick to train for one task	The work can be boring and repetitive, so motivation falls
Become very skilled at the task (practice makes perfect), gain confidence	Narrow skills: low occupational mobility if the job disappears
Higher productivity can lead to higher pay	Other skills are not used or developed
Can concentrate on what they are best at or enjoy	Simple tasks are easy to mechanise , so the worker may be replaced by a machine
	Work stops if a worker earlier in the line is absent

For firms

Advantages	Disadvantages
Less time wasted moving between tasks and fewer mistakes, so productivity (output per worker) rises	Bored workers may make mistakes, be absent or leave, which raises costs
Higher output lowers average cost , so the firm can cut prices, sell more and make more profit	If one stage stops (absence, a machine breaking), the whole line stops
Quality can rise	Products may be standardised, with less variety
Simple, repeated tasks are easy to mechanise , which raises output further	
Less training needed, which saves money	

For the economy

Advantages	Disadvantages
Higher productivity means more output from the same resources: more goods, lower prices, higher living standards	Interdependence : firms, regions and countries rely on each other, so a problem in one spreads
Better use of people's different talents	Workers with narrow skills are hard to move to new jobs when demand changes, which raises structural unemployment
Can help firms compete in export markets	
Mechanising a production line usually raises a firm's total cost (machines are expensive) but lowers its average cost, because output rises by more.	

Key facts and formulas

This topic has no formula list in the exam. "Learn it" means you must remember it.

Formula or fact	Status
women's pay as a % of men's = $\frac{\text{women's wage}}{\text{men's wage}} \times 100$; the lower this is, the larger the relative gap	Learn it
labour productivity = $\frac{\text{total output}}{\text{number of workers}}$	Learn it
weekly earnings = wage per hour $\times$ hours worked	Learn it
Minimum wage above equilibrium: unemployment = labour supplied – labour demanded at that wage; below equilibrium: no effect	Learn it
Demand for labour is a derived demand : it depends on the demand for the product	Learn it
Demand for labour right: wage and employment rise. Supply of labour left: wage rises, employment falls	Learn it
High pay: high demand (high productivity) and low, inelastic supply (skills, training, qualifications), strong bargaining power	Learn it

How to do it

We have tagged 62 questions on this topic (2021–2025): 35 multiple choice on Paper 1 (one of them printed on three papers) and 27 structured questions on Paper 2. Counted by the parts about this topic, they came up this often. Four Paper 2 questions have two parts on it, so there are 66 parts.

Question type	Question parts
Multiple choice (concept)	34
Analyse (5 or 6 marks)	12
Explain (4 marks)	9
Discuss (6 or 8 marks)	9
Identify (2 marks)	1
Multiple choice (calculation)	1

1. Multiple choice (concept) (34 question parts)

1. **Decide which idea is being tested:** choice of job, a shift in a labour market, a minimum wage, pay differences, division of labour, or one worker's supply curve.

2. **For a labour market, decide which curve moves:** anything about the product or productivity moves **demand**; anything about the number of people able and willing (training, immigration, conditions) moves **supply**. Then read off the wage and the number employed.
3. **Check every column of a grid.** Most wrong options get one column right.

Variations you will meet:

- **Why one worker or group earns more or less** (8 parts): pick the option that fits demand, supply, bargaining power or discrimination. Low pay goes with **weak bargaining power** and an **excess supply** of labour; high pay with long training, danger or scarce skills. A big-city allowance is paid because **living and transport costs** are high. **Inflation** is not a reason why some workers earn more than others. **Discrimination** is a difference based on something like age or sex, not on education, experience or productivity. A **higher minimum wage** and a **more progressive** income tax both narrow the gap between low- and high-paid.
- **Choice of occupation** (7 parts): the **risk of unemployment** (job security) is a non-wage factor, while overtime, bonuses and the hourly rate are wage factors. Better working conditions are the surest way to raise the supply of workers to a job; longer training or smaller training grants reduce it. Compare **after-tax income against the cost of living**, not gross pay. Poor career progression puts people off a job. Lower pay in one job means fewer people choose it; shorter hours in another means more choose it.
- **Minimum wage** (5 parts): draw or picture the minimum wage as a horizontal line. **Above** the equilibrium it raises the wage and cuts employment; **below** it has no effect, so the same minimum wage can raise cleaners' pay and leave nurses' pay unchanged. The most unemployment comes when the minimum wage is furthest above the current wage and demand for the product is **not** growing. If a minimum wage is abolished, employment moves to where the (new) demand and supply curves cross. A wage above the market wage, with nothing else changing, points to a minimum wage.
- **Shifts in a labour market** (5 parts): higher productivity shifts demand right; more work permits shift supply right; more graduates plus more demand shifts both. A fall in demand lowers the wage and the quantity of labour supplied **contracts** (a movement along supply, not a shift).
- **Division of labour** (4 parts): the disadvantage for a worker is **boredom**; greater **mechanisation** helps the firm but can cost workers their jobs; **interdependence** is the problem for an economy; a mechanised line gives lower motivation, lower average cost and higher total cost.
- **Backward-bending supply** (3 parts): pick the curve that slopes up and then bends back to the left at high wages.
- **What raises wages** (2 parts): a new minimum wage (above the market wage) raises wages; more workers or a more elastic supply does not; falling union membership weakens bargaining, so it is the least likely cause of rising pay.

2. Analyse (5 or 6 marks) (12 question parts)

A mark per link in a chain. Write **two or three developed chains**, each link joined by "so" or "because", and end each chain at the wage (or the choice) the question asks about.

Plan: cause (1) → what it does to demand for, or supply of, these workers or their bargaining power (1) → so the wage is higher or lower (1).

Variations you will meet:

- **Why one group earns more (or less) than another** (5 parts): cleaners, a bank's chief executive against a waiter, women against men, workers in education, astronomers against farm workers. Build chains from the "Why earnings differ" section: skills and qualifications → **low, inelastic supply** → high wage; productivity → **high demand**; trade union → **bargaining power**; discrimination; responsibility, danger, hours. For a low-paid group, "low demand" earns credit only when set against **high supply**. You may answer from either side (why one is high or why the other is low).
- **How market forces raise wages** (2 parts): one chain on **demand** (derived demand from a rise in demand for the product; higher productivity; dearer machines) and one on **supply** (a smaller labour force; fewer people qualified). A diagram showing the shift can earn marks.
- **Why people choose, or move into, a job** (2 parts): an actor becoming a teacher, more women joining the labour force. Use wage and non-wage factors, each with its "so": higher pay from rising demand for teachers, long holidays, lower entry requirements, fewer acting jobs; for women, better education, changing attitudes, childcare, higher pay for women, smaller families.
- **Division of labour or specialisation for firms** (2 parts): specialise → faster, fewer mistakes → productivity up → average cost down → lower price, more sales, more profit. Add quality, easier **mechanisation** (examiners note few candidates use this) and lower training costs. Write about the **firm**, not the workers.
- **A minimum wage and unemployment** (1 part): wage above equilibrium → firms' costs rise → they demand fewer workers while more people want work → excess supply of labour. Add the other side of the chain: higher pay → more spending → more demand for products → derived demand for labour.

3. Explain (4 marks) (9 question parts)

A mark for **naming** a point and a mark for **developing** it, twice. "Explain two" needs two separate points, and only the first two or three are read.

Plan: point (1) → because or so, linked to this job or these workers (1).

Variations you will meet:

- **Why someone chooses, or won't switch to, a job** (4 parts): becoming a doctor; builders not becoming teachers; public-sector workers not moving to the private sector; how a firm can attract skilled workers from abroad. Use wage and non-wage factors and immobility: lack of qualifications (occupational immobility), unable to move (geographical immobility), higher pay where they are, preferring the conditions they have, job security, not knowing about vacancies, no vacancies. For attracting workers: higher pay, fringe benefits, training, paying moving costs, advertising abroad.
- **Why a group earns more or less** (3 parts): top sportspeople, low-skilled workers who are highly paid, and how less education cuts lifetime earnings. Link each point to **demand or supply**: "years of training" only earns the second mark when you say it keeps **supply low**. Low-skilled but highly paid: dangerous or unpleasant work (few willing), a strong union, a labour shortage, a high minimum wage. Less education: fewer skills → lower productivity → lower-paid jobs, and fewer chances of promotion.

- **Advantages of employing a group** (2 parts): older workers (experience, so fewer mistakes and higher productivity; less training needed; reliable; stay longer; train younger staff) and ending child labour for an economy (children get educated → more skills → higher productivity later; better health). Retired people are **not** unemployed: they are outside the labour force.

4. Discuss (6 or 8 marks) (9 question parts)

The 8-mark parts are levels-marked: Level 3 (6–8) needs **both sides developed** and a judgement. The 6-mark Section A part gives up to 4 marks a side. Aim for **two developed points each side**.

Plan:

1. **One-line definition** of the key term (minimum wage, division of labour, specialisation).
2. **Why it might**: two points, each a chain (point → why → effect on the people named in the question).
3. **Why it might not**: two new points, not the first side turned round.
4. **Judgement**: what it depends on, and which side is stronger here.

Variations you will meet:

- **Minimum wage** (2 parts): will a rise harm the economy; will it reduce poverty. Harm: firms' costs rise → fewer jobs → unemployment → lower spending and output, less tax revenue and more spent on benefits; higher costs passed on as higher prices (inflation). No harm: raises the income of the low-paid → less poverty; draws more people into work; motivated workers are more productive; firms train workers to get more from them; no effect if set below the market wage. On poverty, add that many of the poorest are unemployed, retired or in informal jobs where the law isn't enforced. An accurate diagram alone reaches Level 1.
- **Division of labour or specialisation for workers** (2 parts): will it benefit workers or a teacher. Use only the **workers'** table in "Understand it"; benefits to the firm earn nothing here.
- **Will wages rise, or will employment rise** (2 parts): car workers' wages; whether higher dentists' pay raises the number employed. For: demand for the product rising, profits, more productive workers, stronger unions, subsidies. Against: new technology replacing workers, immigration or unemployment raising supply, demand for the product falling, inflation cutting **real** wages. For employment: supply may not rise quickly if training takes years, and higher pay raises costs, so firms may hire fewer.
- **Choosing a job** (2 parts): would a doctor benefit from working abroad; will more people apply to be pilots. For: higher pay, better conditions and fringe benefits, promotion, new skills, job security. Against: longer hours, discrimination, language and culture, missing family, long and costly training, danger. Use demand and supply to explain **why** pay is higher.
- **Pay between sectors** (1 part): are tertiary workers paid more than primary workers. For: skills, qualifications, high-value output, unions. Against: many low-paid tertiary jobs, some well-paid skilled or dangerous primary jobs; it depends on the job and the country.

5. Identify (2 marks) (1 question part)

Name two points, one mark each, with no explanation needed. For influences on the **mobility of labour**: qualifications and skills, training, the cost of housing and moving, family ties, information about jobs, wage differences.

6. Multiple choice (calculation) (1 question part)

1. For each option work out **women's wage ÷ men's wage** (or the percentage).
2. The **greatest relative discrimination** is the **smallest** ratio, not the biggest dollar difference.

Worked examples

Example 1

The table shows the average hourly wage of men and women in two countries.

Country	Men	Women
P	\$40	\$30
Q	\$12	\$8

- (a) Calculate women's average wage as a percentage of men's in each country. **[2]**
- (b) Identify which country has the greater relative gap between men's and women's pay. **[1]**
- (c) Explain one reason, other than discrimination, why women may earn less than men. **[2]**

(a) P: $\frac{30}{40} \times 100 = 75\%$ (1). Q: $\frac{8}{12} \times 100 = 66.7\%$ (1).

(b) Country Q, because women there earn a smaller percentage of men's pay, even though the gap in dollars is smaller (\$4 against \$10) (1).

(c) More women than men work part-time or take breaks to care for children (1), so they gain less experience and fewer promotions, and are paid less on average (1).

Example 2

Explain two reasons why a worker may choose a lower-paid job in the public sector rather than a higher-paid job in the private sector. **[4]**

Public-sector jobs often have greater **job security** (1). Government departments are less likely to close than private firms, so the worker is less likely to become unemployed (1).

The public-sector job may offer better **fringe benefits**, such as a good pension (1), which add to the worker's total reward even though the wage is lower (1).

Two different non-wage factors, each developed.

Example 3

Analyse why software engineers are usually paid more than farm workers. [6]

Software engineers need a degree and years of training (1), so only a small number of people are able to do the job (1). Their supply is low and inelastic, so firms must pay a high wage to attract them (1).

Software engineers are highly productive: each adds a lot of value to the firm's output (1). Demand for software is growing fast, and the demand for labour is derived from it, so firms' demand for engineers is high (1).

Farm work needs few qualifications, so many people can do it and there is a large supply of labour (1); farm workers are easy to replace and seldom belong to a trade union, so they have little bargaining power and must accept low pay (1).

High demand meeting low supply gives engineers a high wage; high supply gives farm workers a low one. (The mark scheme gives a mark per developed link, up to 6.)

Example 4

Discuss whether or not an increase in a national minimum wage will benefit low-paid workers. [8]

A national minimum wage is the lowest wage per hour that employers are allowed to pay.

Why it might. Workers already paid at the minimum get a pay rise, so they can afford more necessities such as food and housing, and fewer of them live in poverty (developed point for).

Better-paid workers may feel more valued and work harder, so their productivity rises. Firms then have less reason to cut jobs, and may train staff to get more from them, which raises those workers' future pay (second developed point for).

Why it might not. If the minimum wage is set above the equilibrium wage, firms' labour costs rise, so they demand fewer workers while more people want jobs at the higher wage. Some low-paid workers lose their jobs or have their hours cut, so their income falls rather than rises (developed point against).

Firms may pass the higher costs on as higher prices. Low-paid workers are also consumers, so the rise in prices takes away some of their pay rise. And workers in informal jobs, where the law is not enforced, gain nothing (second developed point against).

Judgement. Low-paid workers are most likely to benefit when the increase is small, so the new minimum is close to the market wage, and when demand for firms' products is strong. A large rise during a recession is more likely to cost jobs. Both sides are developed and the conclusion says what the outcome depends on, so this meets the Level 3 descriptor (6–8 marks).

Common mistakes

- **Stating a reason without linking it to demand or supply.** "Top sportspeople train for years" is only half a point; examiners want "so few people can reach that level, so supply is low and the wage is high".
- **Saying "low demand" to explain low pay on its own.** For cleaners, demand is not low; supply is high. Use low demand only compared with supply.
- **Writing about the firm when the question asks about workers.** In "Will division of labour benefit workers?", lower average cost and higher profit earn nothing unless you show how they reach the worker (for example through higher pay).
- **Missing mechanisation.** Division of labour breaks work into simple tasks that machines can do. It helps the firm (a firm-side chain examiners say few candidates use) and threatens workers' jobs.
- **Confusing division of labour with specialisation by a country or firm.** Division of labour is about workers doing separate tasks.
- **Treating the minimum wage as a minimum price for goods.** It is the lowest wage for labour, and its diagram has wage and number of workers on the axes.
- **One-sided minimum-wage answers.** Strong answers trace effects through spending, total demand and jobs, and give both sides.
- **Confusing retired people with the unemployed.** Retired people are outside the labour force, so employing older workers does not reduce unemployment by "taking retired people off the register".
- **Mixing up shifts and movements.** A change in the wage causes an **extension or contraction** along the supply of labour; a change in skills, population or conditions **shifts** it.
- **Using the dollar gap for relative discrimination.** Compare the ratio of women's to men's pay.

How to get the marks

- **Identify** (2 marks): name the points; no explanation needed. The first two or three are marked.
- **Explain** (4 marks): point (1) and development (1), twice. The development must say **how** or **why**, in the context of these workers.
- **Analyse** (5 or 6 marks): chains of linked points. Take two or three reasons and push each to the wage or the choice in the question. A list of reasons scores little.
- **Discuss** (6 or 8 marks): two developed points on each side and a judgement that says what the answer **depends on**. Stick to the group named: workers, the economy, a doctor.
- **Diagrams:** label the axes **wage** (or wage rate) and **quantity of labour** (or number of workers), the curves **D** and **S**, the old and new wage and employment, and the minimum wage line. A clear diagram can earn a mark in Analyse parts and on its own reaches Level 1 in Discuss parts.
- **Use the terms:** derived demand, productivity, occupational and geographical mobility, non-wage factors, fringe benefits, bargaining power, trade union, discrimination, excess supply of labour, division of labour, mechanisation, interdependence.
- **Section A:** use the figures and facts in the source, but explain them; copying the text earns nothing.
- **Multiple choice:** 1 mark each, no penalty for guessing, so answer every one.

Quick check

1. Online shopping grows quickly, and the demand for delivery drivers rises. Other things being equal, what happens in the market for delivery drivers?
 - **A** the wage rises and the number employed rises
 - **B** the wage rises and the number employed falls
 - **C** the wage falls and the number employed rises
 - **D** the wage falls and the number employed falls
2. In the market for shop assistants, demand for labour is $W = 30 - 0.2L$ and supply is $W = 6 + 0.1L$, where W is the wage in dollars per hour and L is thousands of workers. Find the equilibrium wage and employment. The government then sets a minimum wage of \$18 an hour. Find the number employed and the unemployment it creates.
3. A furniture firm employs 8 workers who each make whole tables, and together they make 40 tables a week. It reorganises using division of labour, and the same 8 workers now make 64 tables a week. Calculate labour productivity before and after, and the percentage increase.
4. Explain two disadvantages of division of labour for workers. **[4]**
5. Identify two reasons why workers in the tertiary sector may earn more than workers in the primary sector. **[2]**

Answers

1. **A.** Demand for labour shifts right, so both the wage and the number employed rise. (1)
2. Equilibrium: $30 - 0.2L = 6 + 0.1L$, so $0.3L = 24$, $L = 80$ and $W = 14$: \$14 an hour with 80 thousand workers. At \$18: demand = $\frac{30-18}{0.2} = 60$ thousand and supply = $\frac{18-6}{0.1} = 120$ thousand. Employment falls to 60 thousand and unemployment (excess supply of labour) is 60 thousand.
3. Before: $\frac{40}{8} = 5$ tables per worker. After: $\frac{64}{8} = 8$ tables per worker. Increase: $\frac{8-5}{5} \times 100 = 60\%$.
4. The work is repetitive (1), so workers become bored and less motivated (1). Workers learn only one narrow task (1), so if that job disappears they lack the skills for other work and find it hard to change occupation (1). (Also: simple tasks are easily done by machines, so jobs may be lost.)
5. Two from: tertiary jobs such as law or medicine need more qualifications and skills (1); the services they produce are of high value, so demand for the workers is high (1); tertiary workers may be more likely to belong to a trade union or professional body (1).

Past questions to try

- **0455/11/M/J/25 Q12**: choosing the supply curve of a worker who prefers leisure at high wages.
- **0455/22/M/J/25 Q3**: part (c), how division of labour can benefit firms.
- **0455/21/O/N/24 Q2**: part (c), how market forces can increase wages.
- **0455/22/M/J/25 Q4**: part (d), whether a doctor would benefit from working in another country.