

Edexcel (B) Economics

A-level

Theme 3.5: Global Labour Markets

Flashcards

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How has globalisation contributed to the increase in the size of the labour force?



How has globalisation contributed to the increase in the size of the labour force?

With ease of travel and less restrictions between borders, people have been able to find jobs more easily



Why has production shifted from developed to developing countries?



Why has production shifted from developed to developing countries?

Companies can take advantage of the low labour costs in developing countries



Why might unemployment in developed countries increase as a result of globalisation?



Why might unemployment in developed countries increase as a result of globalisation?

Firms shift their operations to countries with low labour costs, leaving those in developed countries with no scope for employment



List 4 factors affecting the demand for labour



List 4 factors affecting the demand for labour

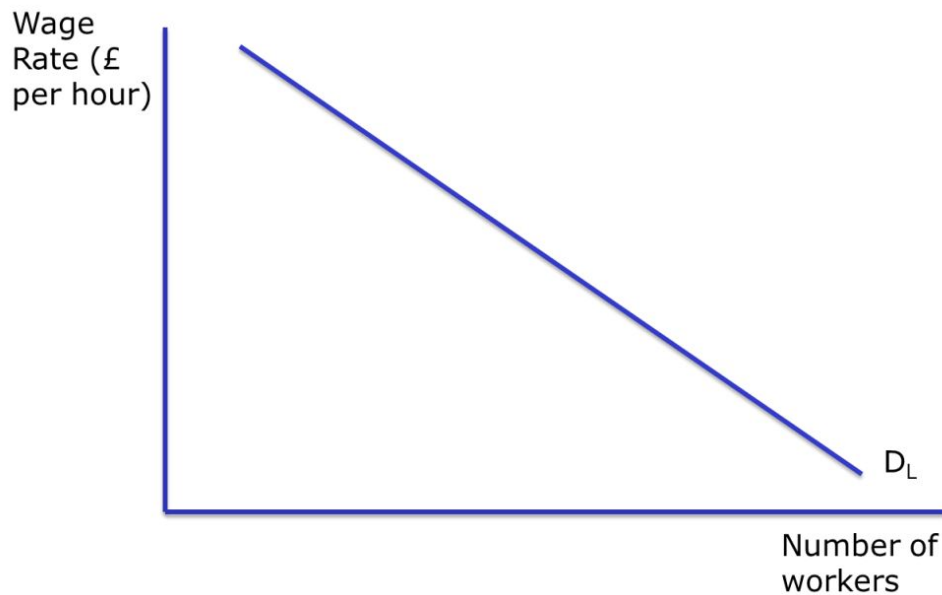
1. Wage rate
2. Demand for products
3. Productivity of labour
4. Substitutes for labour



Draw a graph showing the relationship between wage rate and the number of workers employed



Draw a graph showing the relationship between wage rate and the number of workers employed



Why do firms employ less workers as wages rise?



Why do firms employ less workers as wages rise?

It may be easier for firms to invest in capital, which is cheaper and more productive than manual labour, so less workers are required



If workers are more productive, will their wages be high or low?



If workers are more productive, will their wages be high or low?

Their wages will be high



If the market is unsaturated, how will this affect wages, and why?



If the market is unsaturated, how will this affect wages, and why?

The firm is the only one in that market, and so has more bargaining power than workers, and will therefore offer lower wages



How is the supply of labour calculated?



How is the supply of labour calculated?

By multiplying the number of people who can work at the current wage rate by the number of hours they can work



Describe the relationship between the wage rate and the number of workers willing to work



Describe the relationship between the wage rate and the number of workers willing to work

As the wage rate increases, the number of people willing to work increases
(proportional)



Why do firms fear trade unions?



Why do firms fear trade unions?

Trade unions have the power to increase wages and working conditions, thus raising costs for firms



If taxes are too high, how will this affect the supply of labour?



If taxes are too high, how will this affect the supply of labour?

This will reduce the supply of labour, because less people are willing to work knowing that more of their income is deducted with taxes



What happens if trade unions push wages too high?

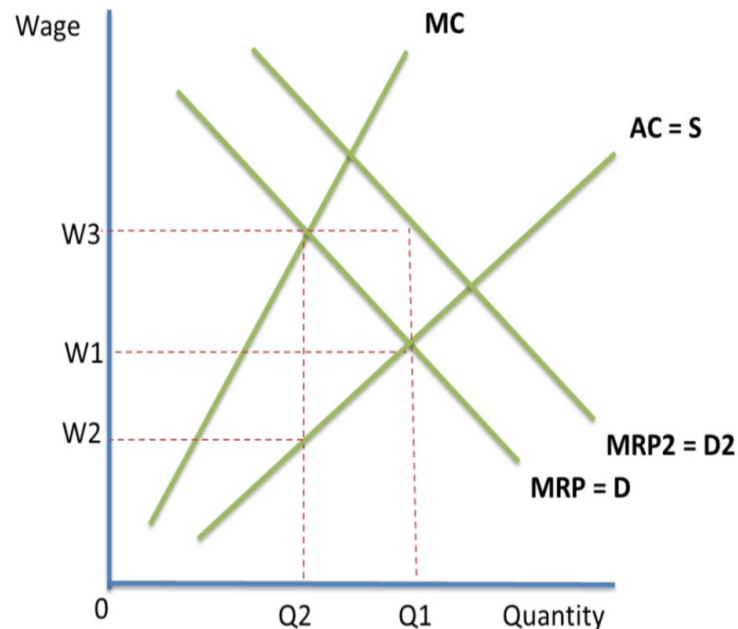


What happens if trade unions push wages too high?

It will cost too much for firms to maintain their employment level, so they will cut down on the number of workers required

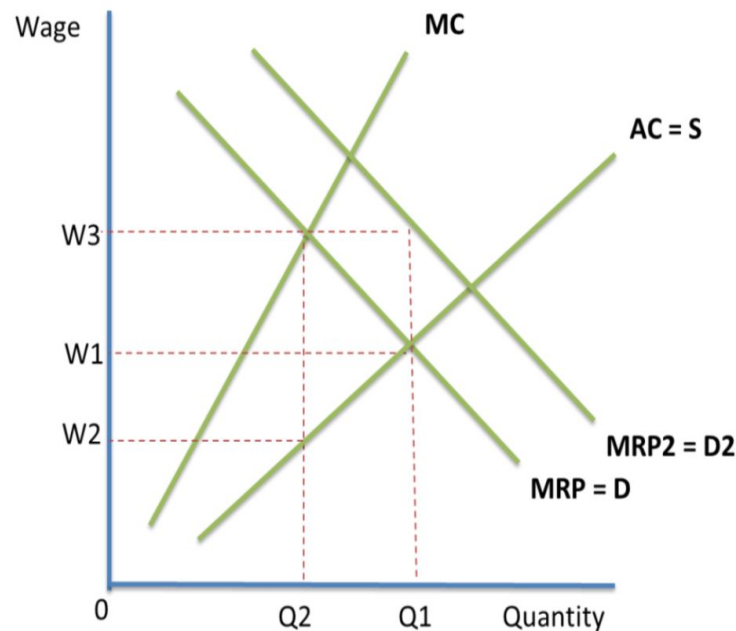


Where on this graph is the employment level when a firm has monopsony power?



Where on this graph is the employment level when a firm has monopsony power?

The employment level is at W_2 - Q_2



Describe the difference between individual and collective bargaining



Describe the difference between individual and collective bargaining

Individual bargaining is between an employer and an employee, whereas collective bargaining is between employers and a group of employees



What is productivity bargaining?



What is productivity bargaining?

Occurs when employers and employees meet to discuss wage rises given an increase in productivity



Do minimum wages have to be set
above or below the free market price?



Do minimum wages have to be set above or below the free market price?

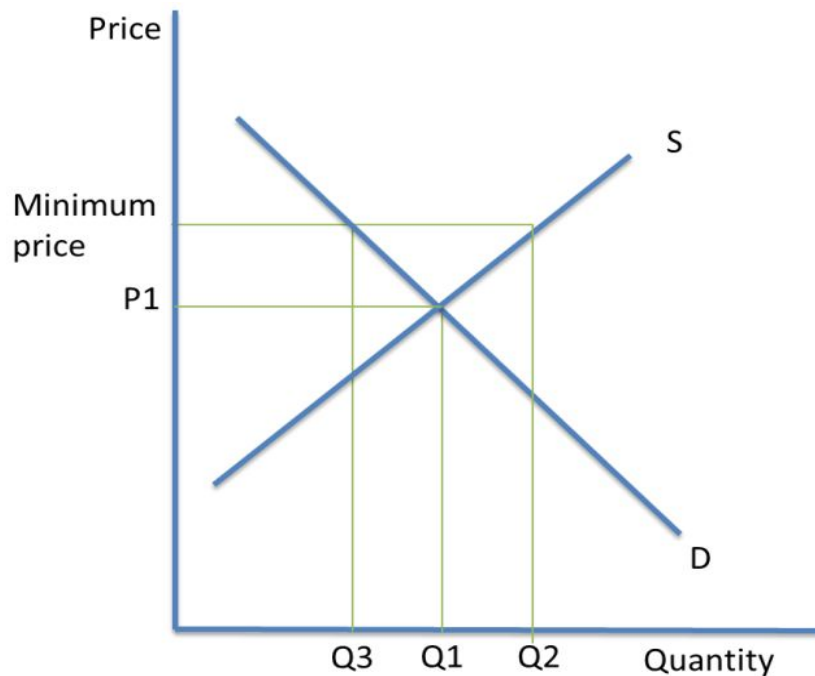
Above the market price, else they will prove ineffective



Draw a graph showing a minimum wage imposed



Draw a graph showing a minimum wage imposed



How will a minimum wage affect the demand for labour?



How will a minimum wage affect the demand for labour?

It will reduce the demand for labour



If the demand for labour is inelastic, how will a minimum wage affect the demand level?



If the demand for labour is inelastic, how will a minimum wage affect the demand level?

There will be a smaller contraction in demand than there will an increase in the supply of labour with a minimum wage



How would a minimum wage benefit tax revenues?



How would a minimum wage benefit tax revenues?

It will increase tax revenues, because consumers will be earning higher wages and will therefore have to pay higher income tax



How would a minimum wage affect competitiveness?



How would a minimum wage affect competitiveness?

Countries would become less attractive to foreign firms as higher wages would mean higher costs for those firms



What is international competitiveness?



What is international competitiveness?

This is when firms can successfully compete overseas whilst sustaining improvements in real output and living standards

