

**Edexcel A-level Economics exam practice answers**

15: Labour market

- 1 **(a) Correct answer: A** High qualifications and a long period of training are required for the job **[1]**

 (b) Different cost of housing in different areas; social family ties to a particular area **[4]**

- 2 **(a) 14.7% [2]**

 (b) Demand for the product – the higher the demand for the product, the higher the demand for labour. **[2]**

 (c) Correct answer: A Demand-deficient **[1]**

- 3 There are 16 marks for KAA and there are 9 marks for evaluation.
 Analysis

 Micro effects
 - Impact on particular businesses e.g. restaurants, hotels, airline industry
 - Impact on living standards of particular households/towns/racial groups/age groups
 - Impact on house prices in towns/countryside
 - Impact on tourist industry
 Macro effects
 - Impact on standard of living
 - Impact on public finances – tax revenues/government expenditure
 - Impact on productive capacity
 - Use of AD/AS analysis and diagrams e.g. to show change in AD and AS curves and output gap
 - Less pollution
 Evaluation
 - Overall impact depends on how long pandemic lasts
 - Will it cause a permanent change in consumer behaviour? -



implications for particular industries

- Downward pressure on wages — so helpful in controlling wage inflation
- Certain sectors will benefit, e.g. healthcare/online traders/internet service providers e.g. Zoom
- Houses more affordable
- Unemployed may have more incentive to retrain and so result in a more productive workforce in the future.

[25]

4 **Analysis**

Micro benefits include:

- More job flexibility for workers employed in those industries using zero hours contracts; also may provide some households with income that they would not otherwise have
- Enables inexperienced workers to get useful work experience
- Firms benefit by having a more flexible workforce; easier to control costs; higher profits

Macro benefits include:

- More flexible workforce
- Workers may be more productive

Evaluation

- Income for individuals will vary from week to week – difficult to budget
- Firms may find that workers on these contracts are less committed, less productive
- Uncertainty for firms – workers don't have to accept work
- Workers may feel that they are being exploited

[25]