**The Theory of Labour Supply**

TASK 1: Read pages 98-101 in your online textbook and complete the following questions on this worksheet

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| **INDIVIDUAL SUPPLY CURVE** | **THE MARKET SUPPLY CURVE** |
|  | Draw a labour market supply curve |
| MONETARY CONSIDERATIONS (movement along the curve): Explain why the diagram is shaped like it is using the terms ‘substitution effect’ and ‘income effect’ | MONETARY CONSIDERATIONS (movement along the supply curve): Explain what the curve that you have drawn above represents and why there might be movement along the curve? |
| NON-MONETARY CONSIDERATIONS (shifts in the curve): Explain why else there maybe changes to the diagram above? | NON-MONETARY CONSIDERATIONS (shifts in the curve): Explain why else there maybe changes to the diagram you have drawn above |

**Elasticity of Supply**

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| Draw a relatively inelastic labour supply curve for a market | Draw a relatively elastic labour supply curve for a market | Bullet point and then explain the main determinants of the elasticity of supply of labour |
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**Labour Supply and Trade Unions**

TASK3: Using the internet, research the following questions and write brief notes:

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| What is a trade union? |  |
| Who are the three biggest Trade Unions in the UK today? Write a little summary of each one |  |
| Why is a trade union sometimes called a ‘monopoly of labour’? |  |
| What is ‘collective bargaining’ and how do trade unions use it? |  |
| Try and find the most recent Trade Union action in the newspapers and provide a very brief summary (who was the Union, what were they wanting, what did they do? |  |

**ASSESSMENT – How much have you understood?**

TASK3: Answer the following questions on a separate sheet of paper without using any notes (if possible!) and each questions should have a diagram to explain it:–

1. The demand for doctor’s increases. Explain why the wage will rise proportionally more than the increase in quantity supplied of doctors.
2. Why is the labour supply curve upward sloping?
3. Why might a worker reduce their supply of work when wages rise?
4. Give one example as to why a teacher’s supply curve might shift?
5. What would be the effect on a labour supply curve if the UK Government decided to cut benefits to the unemployed?

**THE NEXT STEP – Perfectly Competitive Labour Markets**

TASK 4: What would a labour supply curve look like in a ‘perfectly competitive’ labour market?

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