What is the Labour Market?

Worksheet

The labour market is where workers and employers meet to exchange labour for wages. Supply of workers and demand for jobs together set employment and wage levels.

Questions

1. What sets wages in a labour market?
A) Government decree
B) Supply and demand for labour
C) Employer alone
D) Worker unions alone

2. When demand for nurses > supply of nurses, what happens?
A) Nurses' wages fall
B) Nurses' wages rise
C) Unemployment increases
D) Nurses leave

3. A 'tight' labour market means...
A) Strict regulations
B) Demand > Supply; easy job-finding
C) Supply > Demand; high unemployment
D) No hiring

4. The labour market directly determines which of these?
A) Stock prices
B) Interest rates
C) Employment and wage levels
D) Inflation only

5. A city needs 1000 nurses but only 800 are available. How does the labour market respond?

6. 200 truck drivers want jobs but only 100 jobs exist. What happens?

7. A new tech boom creates 500 software engineer jobs in a region with 450 available engineers. Predict the market outcome.

8. Define: What is the labour market?

9. Define: What determines wages in a labour market?

10. Define: Can there be unemployment in a labour market?

Answer Key

1. B) Supply and demand for labour — In a market, wages adjust based on labour supply and demand.

2. B) Nurses' wages rise — Shortage of supply → higher wages to attract more workers.

3. B) Demand > Supply; easy job-finding — Tight market = shortage of workers → employers compete with higher wages.

4. C) Employment and wage levels — The labour market sets employment and wages via supply and demand.

5. Demand (1000) > Supply (800) Wage shortage → nurses' wages rise Higher wages attract more nurses into nursing

6. Supply (200) > Demand (100) Wage surplus → truck driver wages fall Some drivers leave the job or retrain

7. Demand (500) > Supply (450) Tight labour market Tech salaries rise → attracts engineers from other fields and regions

8. The economic system where workers supply labour and employers demand it, exchanging labour for wages.

9. Supply of workers and demand for labour — when demand exceeds supply, wages rise.

10. Yes — when labour supply exceeds demand, unemployment rises and wages may fall.