

Revision Sheet

IGCSE Economics · Unit 3 Microeconomic decision-makers

15 vocabulary items · 33 marks of exam questions (14 questions)

Part 1 · Vocabulary review (15 items). The terms this unit is examined on most. Mark it yourself from the answer key.

Section A · Chinese to English

Write the English word.

1.		[1]
2.		[1]
3.		[1]
4.		[1]
5.		[1]
6.		[1]
7.		[1]
8.		[1]
9.		[1]
10.		[1]
11.		[1]
12.		[1]
13.		[1]
14.		[1]

Section B · Pictures

Write the English word for each picture.



15. _____

[1]

Part 2 · Exam questions (33 marks, 14 questions) begins on the next page. They are ordered easy to difficult and none of them has been set before.

16 How would a change in the demand for labour affect the labour market in an occupation?

☐

	change in demand for labour	change in the equilibrium wage	change in quantity of labour supplied
A	decrease	decrease	extend
B	decrease	increase	contract
C	increase	decrease	contract
D	increase	increase	extend

17 What is most likely to encourage capital-intensive production methods in a low-income economy?

☐

- A** expensive capital equipment costs
- B** grants from foreign aid programmes
- C** supplies of local low-cost labour
- D** a shortage of highly trained supervisors

18 A firm's average revenue is \$20. It sells 1000 units.

☐

What are the firm's total revenue and the price of the product?

	total revenue (\$)	price (\$)
A	20	20
B	1 000	50
C	20 000	20
D	20 000	50

19 A country wishes to increase the supply of nurses.

☐

What would be the most effective way of achieving this?

- A** extending the training period for nurses
- B** improving the working conditions of nurses
- C** increasing the national minimum wage
- D** reducing grants for trainee nurses

20 Employers based in large cities often pay employees special allowances above standard pay rates.

☐

What is the most likely reason for this?

- A** Job security and promotion prospects tend to be restricted.
- B** Living costs and transport costs tend to be high.
- C** There are few alternative job opportunities available.
- D** Trade unions negotiate nationwide wage levels.

21 Workers in a country have been concerned about their wages not keeping pace with inflation.

☐

How can trade unions assist workers in getting a pay rise?

- A** advise the workers to ask individually for a pay rise
- B** negotiate on behalf of their members to secure a pay rise
- C** offer to contribute financially to a pay rise
- D** request improved working conditions

22 How is total revenue calculated?

☐

- A** price divided by the total output
- B** total output divided by the price
- C** total output multiplied by the price
- D** total output multiplied by total costs

23 There is a number of cafés selling snacks and drinks in a city centre. Several of these cafés close due to their owners retiring.

☐

What is the likely effect on the prices and profits of the remaining cafés?

	prices	profits
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

24 Within the same firm, one employee is paid a higher wage than another employee.

☐

Which reason for the difference in their wage could be considered discrimination?

- A** They are of different ages.
- B** They have different levels of education.
- C** They have different levels of productivity.
- D** They have different levels of work experience.

25 A farmer introduces machinery to help workers at harvest time. The farmer also reduces the number of workers by 50%. As a result, the total harvest increases by 25%.

☐

What has happened?

- A** Labour productivity has decreased and production has decreased.
- B** Labour productivity has decreased and production has increased.
- C** Labour productivity has increased and production has decreased.
- D** Labour productivity has increased and production has increased.

26 The introduction of a minimum hourly wage in an industry aims to reduce poverty among low-paid workers.

☐

What is an advantage to workers of an effective national minimum wage?

- A** All workers get paid according to their level of productivity.
- B** Firms may look to increase capital equipment rather than labour.
- C** Levels of employment become more dependent on wage differences.
- D** Redistribution of a firm's income rewards labour rather than owners.

27 Which combination shows the advantages of a small firm over a larger firm?

☐

	better communication	greater independence	lower average cost
A	no	no	yes
B	no	yes	no
C	yes	yes	no
D	yes	yes	yes

28 What is a variable cost for a firm?

☐

- A** the cost of raw materials
- B** the interest payment on existing loans
- C** the rent on the factory
- D** the insurance on the factory buildings

29 The Peruvian government is under pressure from its industries to improve the country's transport system. Peru's third largest industry is tourism. There are many firms in the Peruvian tourism industry. Another major industry in Peru is fruit farming. In recent years, trade union membership in the Peruvian fruit-farming industry has increased.

- (a)** Identify **two** examples of labour employed in the tourism industry. [2]
- (b)** Explain **two** reasons why countries with a good transport system often have a high GDP. [4]
- (c)** Analyse the benefits consumers may gain from a competitive market. [6]
- (d)** Discuss whether or not an increase in trade union membership will benefit an economy. [8]