

1

**Q1 A backward bending labour supply curve indicates that**

- (A) Workers are willing to work longer hours for more money
- (B) Leisure is a normal good
- (C) The size of the income effect is greater than that of the substitution effect
- (D) Increasing real wages mean that employers have to resort to short-time working.

**Answer:**

(B) Leisure is a normal good

2

**Q2 If an indifference curve measuring the relationship between wage income and leisure becomes steeper this must mean**

- (A) A worker places more value on wage income relative to leisure than formerly was the case
- (B) The marginal utility of income has increased
- (C) Hours of work have fallen
- (D) The amount of time devoted to leisure must have decreased.

**Answer:**

(A) A worker places more value on wage income relative to leisure than formerly was the case

3

**Q3 A non-linear budget constraint necessarily implies**

- (A) Other family income has risen
- (B) Income tax has been raised
- (C) Overtime premium payments have been reduced
- (D) None of the above.

**Answer:**

(D) None of the above.

4

**Q4 Some employers may prefer overtime payments plus a lower standard wage to a higher standard wage producing the same wage costs because**

- (A) This makes it easier to introduce short-time working in a recession
- (B) In order to satisfy trade unions
- (C) They wish to utilise the existing workforce

**Answer:**

(C) They wish to utilise the existing workforce more intensively

more intensively

- (D) The offer of overtime makes workers less likely to quit.

**5**

**Q5 An income preferrer is an individual who**

- (A) wishes to receive a higher rate of pay for the same amount of hours worked
- (B) would prefer to work more hours for the same amount of pay
- (C) has large financial commitments outside of work
- (D) is a member of a trade union.

**Answer:**

(B) would prefer to work more hours for the same amount of pay

**6**

**Q6 Multiple job-holding can only occur when**

- (A) workers are bored in their main job
- (B) there are constraints on the hours of work
- (C) overtime is not available
- (D) earnings in the main job are too low.

**Answer:**

(D) earnings in the main job are too low.

**7**

**Q7 The neo-classical theory of labour supply assumes that**

- (A) the individual is faced with a simple choice between leisure and goods
- (B) the only source of income is income from work
- (C) hours of work are not subject to a time constraint
- (D) the substitution effect does not apply.

**Answer:**

(A) the individual is faced with a simple choice between leisure and goods

**8**

**Q8 Absenteeism**

- (A) is positively related to the amount of sick-pay

**Answer:**

(A) is positively related to the amount of sick-pay available

available

(B) is always inefficient

(C) results from the fact that single women  
absent themselves from work more than )  
single men

(D) results from the fact that temporary  
employees have a higher propensity to be  
) absent than full-time staff.