

IB Economics: Student workpoints from chapter 4, 10 points. Name: _____
Period/date: _____

Student workpoint 4.1: Be a thinker—illustrate and explain

Using fully labeled diagrams, illustrate what will happen to the equilibrium price and quantity in each of the situations below, and then explain what has happened.

1. There has been a health scare relating to the consumption of chicken.

Diagram

Explanation

2. There has been an increase in the costs of production in the motorcycle industry.

Diagram

Explanation

3. There has been an improvement in production technology in the textile industry.

Diagram

Explanation

4. Manufacturers in the sportswear industry have decided to raise the price of training shoes.

Diagram

Explanation

Student workpoint 4.3: Be a thinker—illustrate and explain

A government wishes to increase earnings for those workers who are on low wages, by introducing minimum wage legislation in order to raise wage levels above the equilibrium wage. In doing this, they aim to:

- ensure higher wages for low-paid workers
- increase the number of workers employed.

1. Draw a diagram to show the effect of the minimum wage legislation on the market for low-paid workers.

2. Explain the consequences of the minimum wage for the workers.

3. Explain the situation facing the employers.

4. Suggest measures that the government might take to ensure that they achieve both of their stated aims above.