**3.4 Labour Market**

**1 The demand for labour**

a) Factors that influence the demand for labour to a particular occupation:

• demand for the final product (labour as a derived demand)

• productivity of labour

• price of the product

• wage rate relative to price of capital.

b) Factors that influence the elasticity of demand for labour.

**2 The supply of labour**

c) Factors that influence the supply of labour to a particular occupation:

• size of population

• net migration

• income tax rates

• level of welfare benefits

• government regulations

• trade unions.

d) Factors that influence the elasticity of supply of labour.

**3 The determination of wage rates in competitive and non-competitive markets**

a) Labour market equilibrium.

b) Causes of changes in the equilibrium wage rate and quantity of labour as a result of shifts in demand curves and supply curves.

c) Wage setting in the public sector/state-owned enterprises.

**4 Market failure in the labour market**

a) Causes and consequences of the geographical immobility of labour.

b) Causes and consequences of the occupational immobility of labour.