

## Short Answer Questions

### Chapter 19.

1. Explain the meaning of the term 'compensating differential'.
2. Divers working on oil rigs in the North Sea are paid more than divers working in other parts of Europe doing a similar job. What is likely to be the main reason for this difference? Explain.
3. Why, under normal circumstances, would an employer be willing to pay more to hire a worker with a post graduate degree than one who only has qualifications at school level?
4. Lionel Messi is regarded as a footballing superstar. He is reputed to earn around €290 000 a week. What is the economic justification for this individual earning so much?
5. Explain the role of education as a signal to employers of the ability and productivity of an employee.
6. Explain the purpose of efficiency wages.
7. Why do workers who are members of a trade union often command higher wages than non-unionized labour?
8. Outline three different types of discrimination which exists in the labour market.
9. Explain how the employer taste model might explain differences in wages.
10. Two workers in the same firm, doing the same job get very different wages. A black, female worker gets a wage that is 20 per cent lower than a white, male worker. To what extent can it be deduced that the employer in this case is discriminating?