

**Teacher's version P.86-98 (Unit 3.1: factors of Wage differentials)*

Assignment 1

Read the following information and answer the questions.

Peter graduated from university last year and now works in an accounting firm as junior accountant. Without any working experience, he earns more than \$15,000 per month.

However, Henry has been a junior clerk in a shipping firm for five years after completing secondary school education. He is very experienced and hardworking, but his boss is only willing to pay him \$9,000 per month.

- (a) Apart from experience and education level, explain why Henry and Peter have different wage payment. Illustrate your answer with the aid of a demand and supply diagram.
- (b) What factors contribute to the difference in the demand for, and also the supply of, junior accountants and junior shipping clerks? Explain your answer.
- (c) Can you suggest any situations under which the salaries of a junior shipping clerk may be higher than that of a junior accountant?
