What Shapes Pay?

Compare wages across three local industries.

E.2.6 "Analyze the earnings of workers in different industries using factors such as product value, worker productivity, and market structure."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline a clue about the value workers produce, circle a clue about output per hour, and write 1 beside a clue about employers competing for workers. Use your marks to compare possible wages.

Three Jobs in Harbor Point

1. At Harbor Point's chip plant, a technician checks machines that turn silicon wafers into computer chips. Across town, a server takes orders at a diner. Both jobs matter, but employers ask a specific question when deciding what they can afford to pay: How much additional revenue does a worker's work help bring in? Chips can earn a manufacturer substantial revenue, while each diner meal brings in far less. That difference can support higher pay at the plant. Still, a chip's selling price alone cannot tell us a technician's wage, because materials, equipment, and other workers also contribute.

2. Productivity adds another piece. During a shift, a technician can monitor automated machines that process many wafers. The machines raise the number of usable chips produced per hour of the technician's work. A server can handle several tables, but cannot serve an unlimited number of diners at once. This does not mean the server works less hard. It means tools and the nature of each service affect how much can be produced in an hour. Employers must also pay for the plant's expensive machines, so higher output does not automatically become higher wages.

3. Now consider a nurse at Harbor Point's only hospital. A nurse's work helps the hospital provide valuable care, and training limits how quickly new nurses can enter the job. Yet the hospital is the only nearby employer hiring nurses. If a nurse cannot easily move, the hospital may face less pressure to raise pay than it would if several hospitals competed for nurses. Servers, by contrast, can apply to many nearby restaurants. Their employers may need to offer better pay to attract them. Comparing pay across these industries requires all three clues: value produced, productivity, and employer competition.

2 ANSWER WITH EVIDENCE

Use the passage

1. Why might the chip plant be able to pay a technician more than the diner pays a server? Why can't a chip's price tell you the technician's exact wage?

2. How do the plant's machines affect a technician's productivity compared with a server's? Why might higher output not lead to equally higher wages?

3. If several hospitals opened near Harbor Point, how might competition change nurses' pay? Explain using the current hiring situation.

4. Why can't you conclude from this passage that technicians earn more than nurses? Give one relevant fact about each workplace.

3 YOUR TURN

Your own words

Imagine a bicycle repair shop opens in Harbor Point, along with a second hospital. In 4 to 5 sentences, predict how the new hospital might affect nurses' pay and compare mechanics' possible pay with technicians' pay. Explain what you would need to know before making a firm prediction.

What Shapes Pay?

PART 1 · READ AND MARK

Underline a clue about the value workers produce, circle a clue about output per hour, and write 1 beside a clue about employers competing for workers. Use your marks to compare possible wages. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Why might the chip plant be able to pay a technician more than the diner pays a server? Why can't a chip's price tell you the technician's exact wage?	**Chips can bring in substantial revenue, which may support higher pay. The chip's price also covers materials, equipment, and contributions from other workers.**
2	How do the plant's machines affect a technician's productivity compared with a server's? Why might higher output not lead to equally higher wages?	**Machines let a technician help produce many chips per hour, while a server can handle only so many tables. The plant must also pay for its expensive machines.**
3	If several hospitals opened near Harbor Point, how might competition change nurses' pay? Explain using the current hiring situation.	**Nurses might receive higher offers because hospitals would compete to hire them. Currently, the only nearby hospital faces less pressure to raise pay.**
4	Why can't you conclude from this passage that technicians earn more than nurses? Give one relevant fact about each workplace.	**The plant's machines raise output but are expensive. Nurses provide valuable care, while the single nearby hospital may face less pressure to raise their pay. The passage gives no wages to compare.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A second hospital would compete for nurses, so the first hospital might offer higher pay to keep them. A mechanic could earn less than a chip technician if each repair adds less revenue per hour than the chips a technician helps produce. I would need to know how much revenue repairs bring in, how many a mechanic completes per hour, and the costs of each workplace. I would also check how many employers hire mechanics and technicians, since competition could affect their pay.

Accept qualified predictions that connect possible pay to value produced, productivity, or employer competition. Students should not treat selling prices or output alone as proof of actual wages.