

Past-paper walk-through

Unemployment ■ 4.5

eXercise

Questions in this set

- 9708/11 N25 Q26 ■ 1 mark
- 9708/14 N25 Q16 ■ 1 mark
- 9708/21 N25 Q4 ■ 20 marks
- 9708/24 N25 Q5 ■ 20 marks
- 9708/11 J25 Q18 ■ 1 mark
- 9708/12 J25 Q19 ■ 1 mark
- 9708/1 23 Q20 ■ 1 mark

Reading the mark scheme

- **B1** a mark that stands on its own – the point is either made or not.
- **M1** a *method* mark: the right approach, even if the number is wrong.
- **A1** an *answer* mark, and it usually needs its M mark first.
- **C1** a working mark on the way to the answer.
- **//** separates answers the examiner accepts equally.
- **ecf** = error carried forward: a later part is marked on your own earlier answer.
- **owtte** = “or words to that effect” – the wording need not match.

Question 26

9708/11 N25 ■ Q26 ■ 1 mark

26 A country's currency depreciates in terms of other currencies.

What would be a consequence of this depreciation?

- A** There would be a decrease in structural unemployment.
- B** There would be a decrease in the volume of exports.
- C** There would be an increase in cost-push inflationary pressure.
- D** There would be an increase in the budget deficit.

Solution 26

Answer: **C**

Why

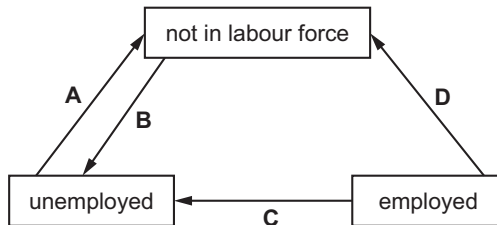
- A depreciation makes exports cheaper abroad and imports dearer at home.
- Dearer imports feed straight into domestic costs and prices, so inflation tends to rise.
- Export demand should rise, which helps output and employment – but not structural unemployment.

Question 16

9708/14 N25 ■ Q16 ■ 1 mark

16 The diagram shows three groups of people with four possible flows between them.

Which flow indicates that people have become discouraged from seeking work?



Solution 16

Answer: **A**

Why

- The three groups are employed, unemployed and not in the labour force.
- Someone unemployed who gives up searching stops being counted as unemployed.
- So the flow is from unemployed to *not in the labour force* – which is why discouragement flatters the figures.

Question 4

9708/21 N25 ■ Q4 ■ 20 marks

4 (a) Explain the possible causes of frictional unemployment and technological unemployment and consider whether some element of frictional unemployment is inevitable in an economy. [8]

(b) Assess whether the consequences of technological unemployment are likely to be more serious than those of cyclical unemployment. [12] OR

(a) (a) Explain the possible causes of frictional unemployment and technological unemployment and consider whether some element of frictional unemployment is inevitable in an economy. [8]

[8]

(b) (b) Assess whether the consequences of technological unemployment are likely to be more serious than those of cyclical unemployment. [12]

[12]

Solution 4

(a) Mark scheme

- Explain the possible causes of frictional unemployment and
- technological unemployment and consider whether some element of
- frictional unemployment is inevitable in an economy.
- Follow the point-based marking guidance at the top of this mark scheme and
- award:
 - up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2
 - Analysis, up to 2 marks for AO3 Evaluation.
- AO1 Knowledge and understanding (max 3 marks)

Solution 4

- ■
- A knowledge and understanding of what unemployment means in
- general. ①
- ■
- One cause of frictional unemployment: it is temporary and at any point
- in time, there will be workers transferring between jobs; this could occur
- simply because an individual wishes to improve their job prospects and
- needs to spend time searching for a new job; there will be some
- unemployment while the transfer between jobs takes place. Searching
- may take some time if information about the availability of jobs is not very

Solution 4

- good. Frictional unemployment can include not only search
- unemployment, but also casual unemployment and seasonal
- unemployment. ①
- ■
- One cause of technological unemployment is a type of structural
- unemployment that arises from the introduction of technology, when
- existing workers do not have the skills to operate the new technology;
- This is caused when developments in technology and working practices
- cause some workers to lose their jobs as they are replaced by capital
- investment. ①

Solution 4

- AO2 Analysis (max 3 marks)
 - An analysis of whether some element of frictional unemployment is
 - inevitable, e.g. it would depend on the quality of information available about
 - vacancies and the extent to which workers would be keen to change from one
 - job to another. Is it always likely to occur? Candidates need to analyse the
 - extent to which it is or is not inevitable.
- AO3 Evaluation (max 2 marks)
 - Offers a valid judgement on whether some element of frictional unemployment
 - is inevitable in an economy (1) to reach a conclusion. ①
- 8

Solution 4

- AO1 Knowledge and understanding
- 3
- AO2 Analysis
- 3
- AO3 Evaluation
- 2
- 9708/21
- October/November
- 2025

Solution 4

(b) Mark scheme

- Assess whether the consequences of technological unemployment are
- likely to be more serious than those of cyclical unemployment.
- Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table
- B: AO3 Evaluation to mark candidate responses to this question.
- AO1 and AO2 out of 8 marks. AO3 out of 4 marks.
- Indicative content
- Responses may include:
- AO1 Knowledge and understanding and AO2 Analysis

Solution 4

- Technological unemployment:
 - ■
 - Workers are unemployed as a result of a change in the pattern of
 - production when machines replace labour in the productive process.
 - ■
 - New skills are required to use the capital equipment.
 - ■
 - Such unemployment is due to technical progress; if workers cannot move
 - from one industry to another because of a lack of the required skills, they
 - will become technologically unemployed.

Solution 4

- Cyclical unemployment:
 - ■
 - Workers are unemployed because of a deficiency in aggregate demand,
 - i.e. there are insufficient jobs in an economy.
 - ■
 - Whereas technological unemployment affects workers in particular
 - industries, cyclical or demand-deficient unemployment affects the whole
 - economy with job losses across a number of industries as firms reduce
 - their output.
 - Focus of analysis should be the relative seriousness of the two types of

Solution 4

- unemployment. i.e. which is more serious and why.
- (Up to 8 marks)
- Level 1 responses will be assertive and lacking in explanations/mainly
- descriptive and/or mainly lacking in relevance to the question.
- Level 2 responses may contain some inaccuracies and will be one-sided.
- Analysis will be explained at least in part and will be largely relevant to the
- question.
- Level 3 responses will consider alternative policies/concepts etc. and will be
- balanced. Explanations of points raised will be offered and will be accurate
- and relevant to the question.

Solution 4

- AO3 Evaluation
- ■
- Consideration of whether the consequences of technological
- unemployment are likely to be more serious than those of cyclical
- unemployment to reach a conclusion.
- Accept all valid responses.
- A one-sided response cannot gain any marks for evaluation. (Up to 4 marks)
- 12
- 9708/21
- October/November

Solution 4

- 2025
- AO1 Knowledge and understanding and AO2 Analysis
- 8
- AO3 Evaluation
- 4
- 9708/21
- October/November
- 2025
- OR

Question 5

9708/24 N25 ■ Q5 ■ 20 marks

5 (a) Explain the difference between structural unemployment and cyclical unemployment and consider the extent to which structural unemployment is likely to be more damaging to an economy than cyclical unemployment. [8]

(b) Low unemployment is a macroeconomic policy objective for a government.

Assess the extent to which this is most likely to be achieved by supply-side policy. [12]

(a) (a) Explain the difference between structural unemployment and cyclical unemployment and consider the extent to which structural unemployment is likely to be more damaging to an economy than cyclical unemployment. [8] **[8]**

(b) (b) Low unemployment is a macroeconomic policy objective for a government.

Assess the extent to which this is most likely to be achieved by supply-side policy.

[12] **[12]**

Solution 5

(a) Mark scheme

- Explain the difference between structural unemployment and cyclical
- unemployment and consider the extent to which structural
- unemployment is likely to be more damaging to an economy than
- cyclical unemployment.
- Follow the point-based marking guidance at the top of this mark scheme and
- award:
- up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2
- Analysis

Solution 5

- up to 2 marks for AO3 Evaluation.
- AO1 Knowledge and Understanding (max 3 marks)
- ■
- Unemployment is a situation where people are willing and able to work
- but do not have a job. (1)
- ■
- Structural unemployment occurs due to structural changes in an economy
- because of changes in the pattern of supply and demand for products,
- services, and labour. (1)
- ■

Solution 5

- Cyclical unemployment occurs due to a lack of aggregate demand within
- an economy because of, e.g., a downturn in the economic cycle. ①
- AO2 Analysis (max 3 marks)
- Analysis may focus on the following but must compare the two types. Note: if
- only one type is analysed, two marks max and no evaluation marks may be
- awarded.
- ■
- Structural unemployment may be more serious depending on the
- importance of the affected industry to an economy because it is more
- likely to be permanent.

Solution 5

- ■
- It can be focused on entire regions, whereas:
- ■
- Cyclical unemployment may be more serious as it affects the entire
- country.
- ■
- Both will lead to a loss of income and people affected are less likely to be
- able to find work.
- AO3 Evaluation (max 2 marks)
- For an assessment of which type is likely to be most serious and may consider

Solution 5

- the timescale, the ease of retraining (if structural), the number of people
- affected, etc. Note: the second mark is reserved for a justified conclusion.
- 8
- AO1 Knowledge and understanding
- 3
- AO2 Analysis
- 3
- AO3 Evaluation
- 2
- 9708/24

Solution 5

- October/November
- 2025

Solution 5

(b) Mark scheme

- Low unemployment is a macroeconomic policy objective for a government.
- Assess the extent to which this is most likely to be achieved by supply-side policy.
- Use Table A: AO1 Knowledge and understanding and AO2 Analysis and
- Table B: AO3 Evaluation to mark candidate responses to this question.
- AO1 and AO2 out of 8 marks. AO3 out of 4 marks.
- Indicative content

Solution 5

- Responses may include:
- AO1 Knowledge and understanding and AO2 Analysis
- ■
- An understanding of what is meant by supply side policy.
- ■
- Analysis of different types of supply side policy designed to reduce
- unemployment which may include training and education, reducing
- benefits, infrastructure development, reducing taxes
- ■
- Analysis of the limitations of such policies.

Solution 5

- ■
- Analysis of other policies such as fiscal and monetary policy designed to
- increase AD and may be more appropriate if unemployment is cyclical.
- ■
- Examples may include extra government spending and reducing income
- taxes together with reducing interest rates.
- ■
- Analysis of the limitations of alternative policies.
- Level 1 responses will be assertive and lacking in explanations/mainly
- descriptive and/or or mainly lacking in relevance to the question.

Solution 5

- Level 2 responses may contain some inaccuracies and may be one sided.
- Analysis will be explained at least in part and will be largely relevant to the question.
- Level 3 responses will consider alternative policies / concepts etc. and will be balanced. Explanations of points raised will be offered and will be accurate and relevant to the question.
- AO3 Evaluation
 - Of the extent to which a low level of unemployment is most likely to be achieved by supply side policy and arrives at a reasoned and justified conclusion.
 - A one-sided response cannot gain any marks for evaluation.

Solution 5

- Accept all valid responses.
- 12
- AO1 Knowledge and understanding and AO2 Analysis
- 8
- AO3 Evaluation
- 4

Question 18

9708/11 J25 ■ Q18 ■ 1 mark

18 An economy's manufacturing share of real GDP fell from 30% in 1990 to 12% in 2023.

Which type of unemployment would have resulted from this?

- A** cyclical
- B** frictional
- C** structural
- D** voluntary

Solution 18

Answer: **C**

Why

- A permanent fall in one sector's share of output means those jobs have gone for good.
- The workers' skills no longer match where the jobs are.
- That is structural unemployment; cyclical unemployment comes and goes with the trade cycle.

Question 19

9708/12 J25 ■ Q19 ■ 1 mark

- 19** What is most likely to cause an unemployed worker to be classified as frictionally unemployed?
- A** lack of relevant skills for vacant jobs
 - B** lack of up-to-date job vacancy information
 - C** greater use of technology in the production process
 - D** an increase in regional pay inequality

Solution 19

Answer: **B**

Why

- Frictional unemployment is the short-term unemployment of people between jobs.
- It arises from imperfect information about where the vacancies are.
- A lack of relevant *skills* would be structural unemployment instead.

Question 20

9708/1 23 ■ Q20 ■ 1 mark

- 20** A large coal mine is forced to close because of falling demand for coal as consumers switch to less polluting fuels. The government organises retraining courses and recruitment events for the coal mine workers.

Which type of unemployment is the government trying to reduce?

- A** cyclical
- B** seasonal
- C** structural
- D** technological

Solution 20

Answer: **C**