

## 4.5 Unemployment

Name: \_\_\_\_\_ Class: \_\_\_\_\_ Date: \_\_\_\_\_

Total: 22 marks

### Objective

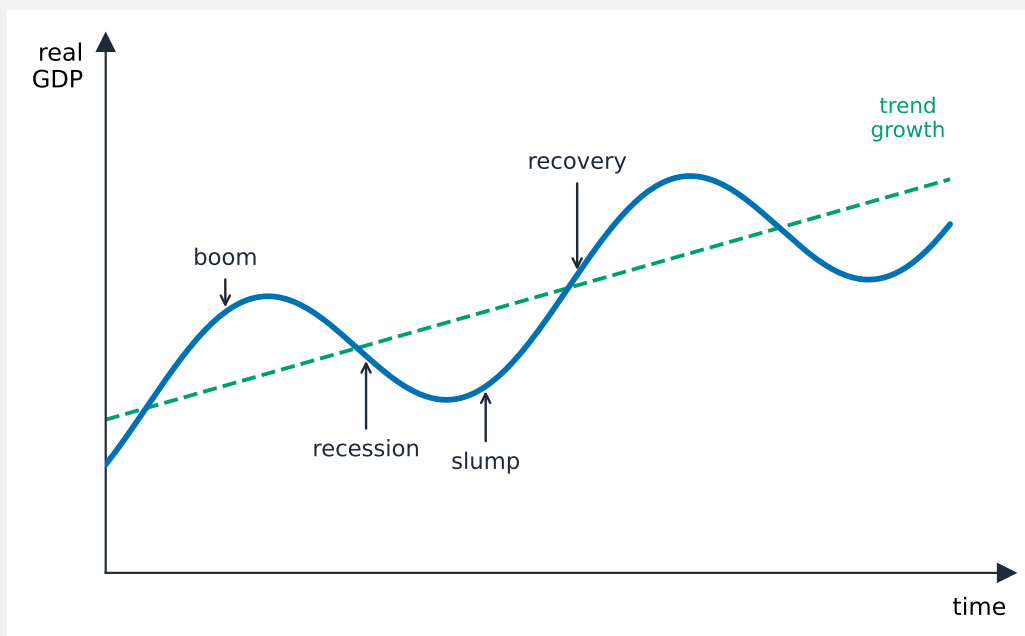
Build the skills to answer exam questions on **unemployment** 失业—how it is measured, its **types and causes** 类型与原因 (frictional, structural, cyclical, seasonal), and its consequences.

**You must be able to:**

- define and measure unemployment (claimant count, labour force survey)
- distinguish the four types of unemployment
- analyse the consequences of unemployment

### 1 Worked examples

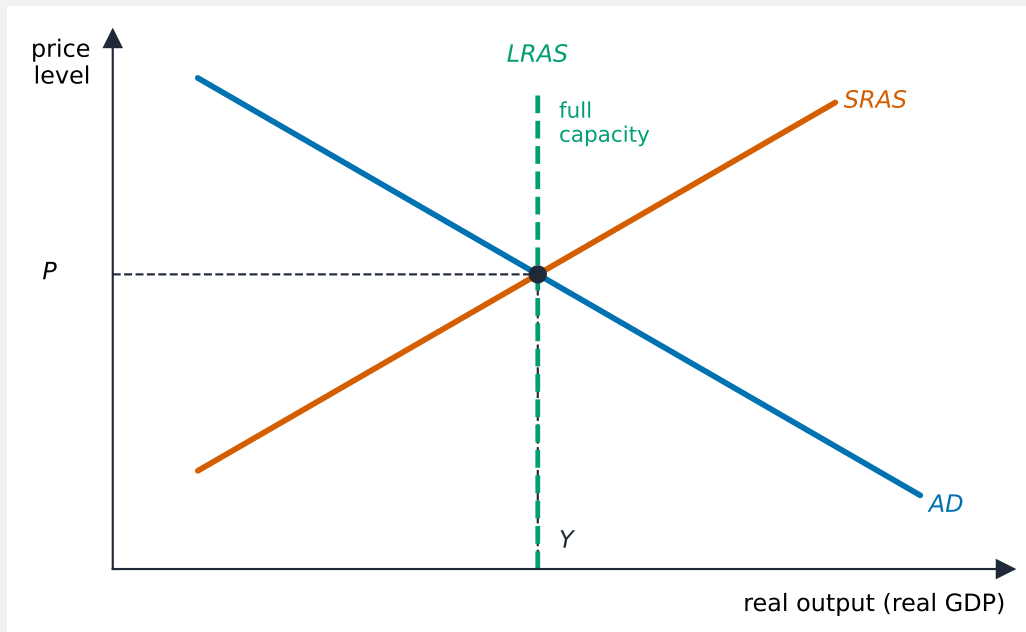
#### ■ Types of unemployment



*Cyclical unemployment is tied to the business cycle*

- **Measuring: claimant count** 申领救济人数 (only benefit claimants) and the **labour force survey** 劳动力调查 (international standard).
- **Frictional** 摩擦性: short-term, between jobs. **Structural** 结构性: skills no longer match jobs.

- **Cyclical** 周期性: low AD in a recession (usually the largest). **Seasonal** 季节性: only certain times of year.



*On AD-AS: a leftward shift of AD cuts real output below full capacity → cyclical unemployment*

- **Consequences:** wasted output, lost income, higher benefit cost, social harm.

**Answer shapes:** AO1 + AO2 + AO3 (analysis) + AO4 (a supported judgement *in context*).

## 2 Practice

**2.1** Define the term *unemployment*.

[2]

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**2.2** State two types of unemployment.

[2]

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**2.3** State one consequence of unemployment for the government.

[1]

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### 3 Exam-style questions

**3.1** Unemployment caused by a fall in aggregate demand during a recession is: [1]

- **A** frictional unemployment
- **B** structural unemployment
- **C** cyclical unemployment
- **D** seasonal unemployment

**3.2** Explain the difference between **structural** and **cyclical** unemployment. [6]

**3.3** Discuss the consequences of a sharp rise in unemployment for an economy. [12]

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## 4 Go further

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You are now ready for the real exam questions on this subtopic. Open the **4.5 Unemployment** past-paper sheet in the Library, or try these in **Practice mode**:

- 9708/11 N25 —Q26 (unemployment)
- 9708/14 N25 —Q16 (types of unemployment)
- 9708/21 N25 —Q4 (unemployment, data response)

## Solutions

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Economics answers are marked by **level of response** against the assessment objectives: award **AO1** knowledge, **AO2** application, **AO3** analysis and **AO4** evaluation.

**2.1** people who are able and willing to work and are actively looking for a job, but cannot find one (2 for a clear definition; 1 for a partial idea).

**2.2** any two of: frictional; structural; cyclical; seasonal (1 + 1).

**2.3** any one of: more spent on unemployment benefits; less tax revenue collected (1).

**3.1 C.** A fall in AD in a recession causes cyclical unemployment.

**3.2** [6] AO1 1 + AO3 up to 5 —structural unemployment occurs when an industry declines and workers' skills no longer match available jobs (a long-term mismatch); cyclical unemployment is caused by low aggregate demand in a recession and falls again when demand recovers.

**3.3** [12] AO1/AO2/AO3 up to 8 + AO4 up to 4. **Costs:** lost output (the economy produces inside its PPC), lower incomes and consumption, higher government benefit spending and lower tax, plus social harm (crime, ill health). **But:** some unemployment is frictional and short-lived, and the effect depends on its cause and length. **Judgement:** a sharp rise is damaging, especially if cyclical and prolonged, but the severity depends on the type and how quickly the economy recovers.