

4.5 Unemployment

Name: _____ Class: _____ Date: _____

Total: 24 marks

KEY WORDS unemployment 失业 • cyclical 周期性 • cyclical unemployment 周期性失业
• structural 结构性 • structural unemployment 结构性失业

Objective

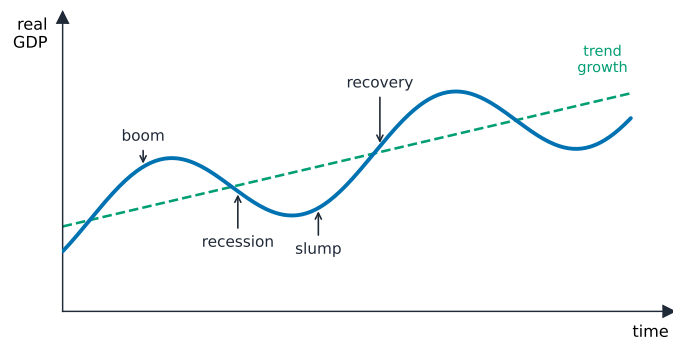
Build the skills to answer exam questions on **unemployment** 失业 — how it is measured, its **types and causes** 类型与原因 (frictional, structural, cyclical, seasonal), and its consequences.

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

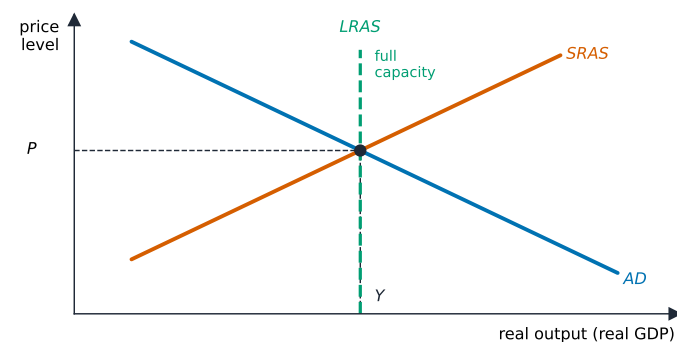


boom → recession → slump → recovery (around the growth trend)

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.



short-run equilibrium: $AD = SRAS$ • long-run capacity: vertical $LRAS$

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]

2.2 State two types of unemployment. [2]

2.3 State one consequence of unemployment for the government. [1]

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]

Solutions

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.