A-LEVEL ECONOMICS • EXERCISE SHEET

9.3 Employment/unemployment

Name: ___________ Class: ________ Date: __________ **Total: 24 marks**

KEY WORDS natural rate 自然失业率 • phillips curve 菲利普斯曲线 • structural unemployment 结构性失业 • employment and unemployment 就业与失业 • unemployment 失业

Objective

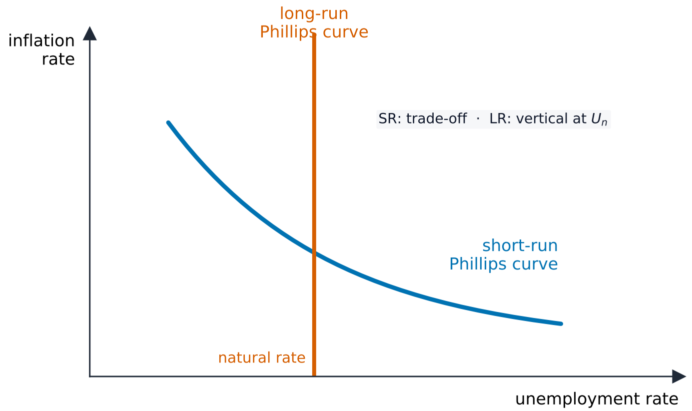
Build the skills to answer exam questions on **employment and unemployment 就业与失业** at A Level — the **types** of unemployment, the **natural rate 自然失业率**, and the **Phillips curve 菲利普斯曲线**.

You must be able to:

- distinguish the types of unemployment and define the natural rate
- explain the short-run and long-run Phillips curve
- analyse the unemployment–inflation trade-off

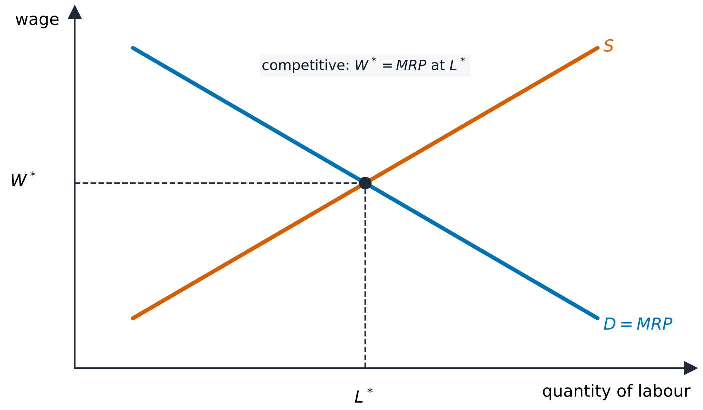
1 Worked examples

■ **The Phillips curve**



Short run: a trade-off; long run: vertical at the natural rate

- **Natural rate of unemployment 自然失业率:** what remains when the labour market is in balance (frictional + structural) — not removable by raising demand alone.
- **Short-run Phillips curve:** lower unemployment ↔ higher inflation (a trade-off).
- **Long-run Phillips curve:** vertical at the natural rate — no lasting trade-off once inflation is expected.



The natural rate is rooted in the labour market — frictional and structural unemployment at the equilibrium wage

Answer shapes: an **Explain [up to 8]** answer may use a Phillips diagram (AO3); **Discuss [12]** adds a judgement (AO4).

2 Practice

2.1 Define the term *natural rate of unemployment.* [2]

2.2 State what the **short-run** Phillips curve shows. [2]

2.3 State the shape of the **long-run** Phillips curve. [1]

3 Exam-style questions

3.1 The long-run Phillips curve is: [1]

A downward sloping
B upward sloping
C vertical at the natural rate of unemployment
D horizontal

3.2 Explain the short-run trade-off between unemployment and inflation. [6]

3.3 Discuss whether a government can permanently reduce unemployment below the natural rate. [12]