4.6 Employment and unemployment

Name: _____ Class: _____ Date: _____ **Total: 16 marks**

KEY WORDS labour force • cyclical • types • frictional • structural

Objective

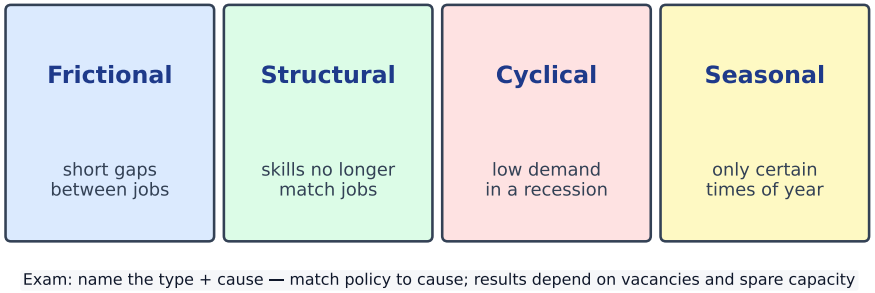
Build the skills to answer exam questions on **employment and unemployment** – how unemployment is **measured**, the **types** (frictional, structural, cyclical), and the effects.

You must be able to:

- explain how unemployment is measured (claimant count, labour force survey)
- distinguish frictional, structural and cyclical unemployment
- analyse the effects of unemployment

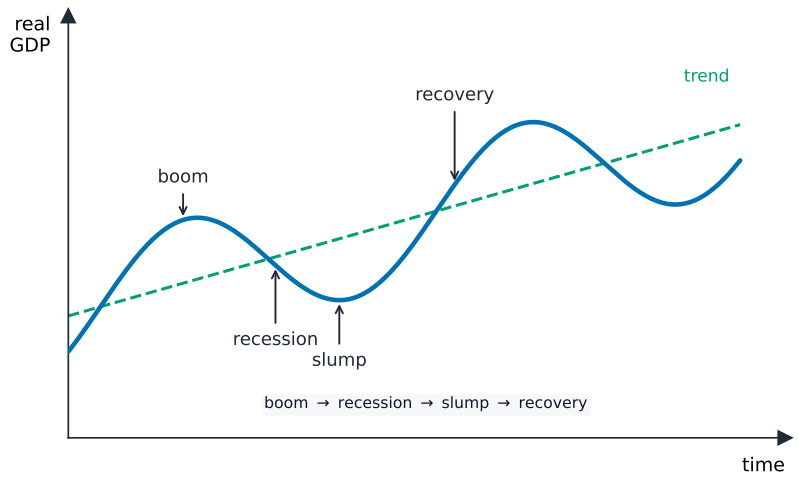
1 Key knowledge and worked examples

Types of unemployment



Unemployment = people who can and want to work but cannot find a job

- **Measuring: claimant count** (benefit claimants) and the **labour force survey** (a survey).
- **Frictional**: short-term, between jobs. **Structural**: skills no longer wanted (mines close).
- **Cyclical**: low demand in a recession.
- **Effects:** lost income and skills, lost output, more benefit spending, social harm.



Cyclical unemployment rises in the recession and slump phases of the business cycle

Answer shapes: K + App + An + Ev (a justified judgement, for discuss questions).

2 Practice

2.1 Define the term *unemployment*. [2]

2.2 Identify two types of unemployment. [2]

2.3 State one way unemployment is measured. [1]

3 Exam-style questions

3.1 Unemployment caused by a recession (low total demand) is: [1]

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

3.2 Explain the difference between **frictional** and **structural** unemployment. [4]

3.3 Analyse the effects of high unemployment on a country. [6]

Solutions

IGCSE Economics answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

Each answer shows the steps, then the **result**.

2.1

- **unemployment** is people who can work and want to work but **cannot find a job** (K)

2.2

- any **two** of: **frictional** / **structural** / **cyclical** / **seasonal** (K, K)

2.3

- the **claimant count** or the **labour force survey** (K)

3.1 C

- a recession with low total demand causes **cyclical unemployment** (K)
- A is between jobs; B is a shrinking industry; D is time of year

3.2

- **frictional** unemployment is short-term, when a worker is **between jobs** (K)
- **structural** unemployment happens when a whole industry shrinks and workers' skills are no longer wanted (An)
- one is brief and normal; the other is **longer-term** and harder to fix (An)

3.3

- unemployed **workers** lose income and may lose skills (K)
- the **country** loses output; the **government** pays more in benefits and collects less tax (An)
- **society** may suffer more crime and poorer health – high unemployment is costly (An)