

Exercise walk-through

Employment and unemployment ■ 4.6

eXercise

You must be able to

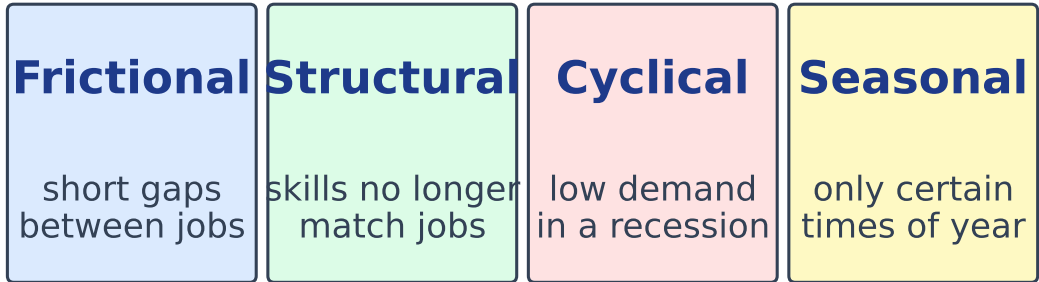
- explain how unemployment is measured (claimant count, labour force survey)
- distinguish frictional, structural and cyclical unemployment
- analyse the effects of unemployment

Method — Types of unemployment

- **Measuring: claimant count** 失业救济申领人数 (benefit claimants) and the **labour force survey** 劳动力调查 (a survey).
- **Frictional** 摩擦性: short-term, between jobs. **Structural** 结构性: skills no longer wanted (mines close).
- **Cyclical** 周期性: low demand in a recession.
- **Effects:** lost income and skills, lost output, more benefit spending, social harm.

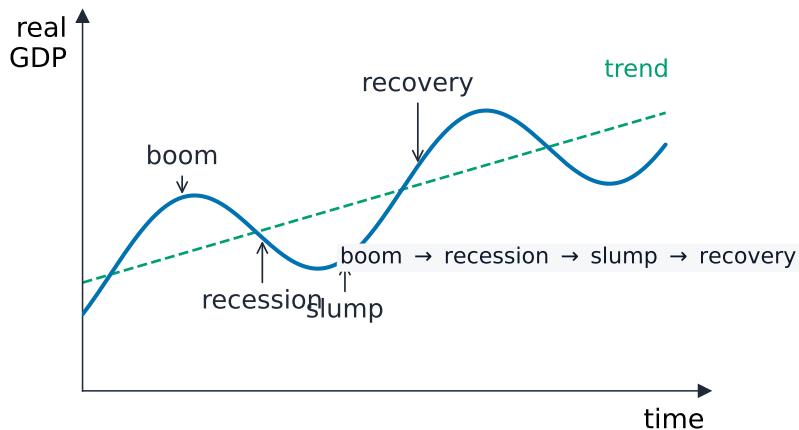
Answer shapes: K + App + An + Ev (a justified judgement, for discuss questions).

Method — Types of unemployment



The four types of unemployment

Method — Types of unemployment



Real GDP moves through boom, recession, slump and recovery

Practice 2.1 ■ 2 marks

Define the term *unemployment*.

Solution 2.1

Method: Types of unemployment

Worked steps

people who can work and want to work but cannot find a job (2 for a clear definition; 1 for a partial idea).

Practice 2.2 ■ 2 marks

Identify two types of unemployment.

Solution 2.2

Method: Types of unemployment

Worked steps

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

Practice 2.3 ■ 1 mark

State one way unemployment is measured.

Solution 2.3

Worked steps

the claimant count or the labour force survey (1).

Exam-style 3.1 ■ 1 mark

Unemployment caused by a recession (low total demand) is:

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

Solution 3.1

Method: Types of unemployment

A frictional unemployment

B structural unemployment

C cyclical unemployment



D seasonal unemployment

Worked steps

C. A recession with low total demand causes cyclical unemployment.

Exam-style 3.2 ■ 4 marks

Explain the difference between **frictional** and **structural** unemployment.

Solution 3.2

Method: Types of unemployment

Worked steps

[4] $K \geq 1 + A$ up to 3 — frictional unemployment is short-term, when a worker is between jobs and looking for the next; structural unemployment happens when a whole industry shrinks and workers' skills are no longer wanted (e.g. coal miners after the mines close) → so one is brief and normal, the other is longer-term and harder to fix.

Exam-style 3.3 ■ 6 marks

Analyse the effects of high unemployment on a country.

Solution 3.3

Method: Types of unemployment

Worked steps

[6] K/App/An — high unemployment harms several groups: unemployed **workers** lose income and may lose skills; the **country** loses the output those workers could have made; the **government** pays more in benefits and collects less in tax (worsening its budget); and **society** may suffer more crime and poorer health → so high unemployment is costly to individuals, the economy and the government.