Past-paper walk-through

Employment and unemployment ▪ 4.6

eXercise

Questions in this set

- 0455/11 N25 Q23 ▪ 1 mark
- 0455/12 N25 Q21 ▪ 1 mark
- 0455/12 N25 Q23 ▪ 1 mark
- 0455/13 N25 Q12 ▪ 1 mark
- 0455/22 N25 Q4 ▪ 20 marks
- 0455/11 J25 Q22 ▪ 1 mark
- 0455/12 J25 Q23 ▪ 1 mark
- 0455/12 M25 Q20 ▪ 1 mark
- 0455/12 N24 Q21 ▪ 1 mark
- 0455/21 N24 Q2 ▪ 20 marks

Reading the mark scheme

- **B1** a mark that stands on its own – the point is either made or not.
- **M1** a *method* mark: the right approach, even if the number is wrong.
- **A1** an *answer* mark, and it usually needs its M mark first.
- **C1** a working mark on the way to the answer.
- // separates answers the examiner accepts equally.
- **ecf** = error carried forward: a later part is marked on your own earlier answer.
- **owtte** = "or words to that effect" – the wording need not match.

Question 23

0455/11 N25 ▪ Q23 ▪ 1 mark

23 The table shows the patterns of employment in selected industries in two years.

industry	employment in millions	
	year 1	year 2
agriculture	8	6
fishing	4	4
hospitality	8	10
manufacturing	12	10
retailing	8	10
total	40	40

Question 23

total	40	40

How did the patterns of employment change between year 1 and year 2?

	secondary sector	tertiary sector
A	fell	rose
B	fell	unchanged
C	rose	fell
D	unchanged	rose

Solution 23

Answer: **A**

Why

- Compare each industry's employment between the two years.
- A shift out of primary and secondary into tertiary is the normal pattern of development.
- Work out the direction of change for each industry before choosing.

Question 21

0455/12 N25 ▪ Q21 ▪ 1 mark

21 What does a successful supply-side policy increase in an economy?

A the level of unemployment

B the production possibilities

C the rate of inflation

D the rate of interest

Solution 21

Answer: **B**

Why

- Supply-side policy raises the economy's productive capacity.
- On a PPC diagram that is an outward shift of the curve.
- So it increases the production possibilities, which allows growth without inflation.

Question 23

0455/12 N25 ▪ Q23 ▪ 1 mark

23 What are the correct definitions of unemployment and employment relative to the number of people of working age?

	unemployment	employment
A	those who want a job but cannot get one at the current wage rate	those who are not in full-time education
B	those who want a job but cannot get one at the current wage rate	those who have a job at the current wage rate
C	those without a job	those who are not in full-time education
D	those without a job	those who have a job at the current wage rate

Solution 23

Answer: **B**

Why

- The labour force is those of working age who are either working or seeking work.
- The employed are those in work; the unemployed are those without work but able and actively seeking it.
- People of working age who are not seeking work are outside the labour force altogether.

Question 12

0455/13 N25 ▪ Q12 ▪ 1 mark

12 What would increase the strength of a trade union?

A a growth in part-time employment

B a growth in the membership

C a rise in the national minimum wage

D a rise in the standard of living

Solution 12

Answer: **B**

Why

- A union's strength comes from the proportion of the workforce it represents.
- More members means more bargaining power and a more credible threat of action.
- Part-time and casual work usually *weakens* unions, since such workers are harder to organise.

Question 4

0455/22 N25 ▪ Q4 ▪ 20 marks

4 There are several policy measures a central bank or government can use to reduce unemployment. One policy measure a government could use to reduce unemployment is to increase its spending on building houses. The Federal Reserve, the central bank of the US, has two main aims. One is to maintain price stability and the other is to achieve full employment. Some central banks also have economic growth as a target, but none have HDI value as a target.

(a) Identify two policy measures a central bank could use to maintain price stability. [2]

(b) Explain two benefits to an economy of full employment. [4]

(c) Analyse how an increase in government spending on building houses could reduce unemployment. [6]

(d) Discuss whether or not an increase in a country's economic growth rate will increase its HDI value. [8]

Question 4

(a) (a) Identify two policy measures a central bank could use to maintain price stability. [2] **[2]**
(b) (b) Explain two benefits to an economy of full employment. [4] **[4]**
(c) (c) Analyse how an increase in government spending on building houses could reduce unemployment. [6] **[6]**
(d) (d) Discuss whether or not an increase in a country's economic growth rate will increase its HDI value. [8] **[8]**

Solution 4

(a) Mark scheme

- Identify two policy measures a central bank could use to
- maintain price stability.
- Two from:
- the rate of interest (1) the money supply (1) the exchange
- rate (1) quantitative easing / tightening (1).
- 2 If more than two measures are given, consider the first
- three.

Solution 4

(b) Mark scheme

- Explain two benefits to an economy of full employment.
- Logical explanation which might include the following.
- ▪
- High output / GDP (1) maximum use of labour resource.
- ▪
- High tax revenue (1) government could spend on e.g.
- education / healthcare (1).
- ▪

Solution 4

- Low spending on state benefits (1) can keep taxes low /
- money saved can be spent on other things (1).
- ▪
- Low poverty / increase incomes (1) enable people to
- purchase basic necessities / which could increase living
- standards (1).
- 4 One mark each for two benefits identified and one mark
- each for two explanations.
- 0455/22
- October/November 2025

Solution 4

- Guidance

Solution 4

(c) Mark scheme

- Analyse how an increase in government spending on
- building houses could reduce unemployment.
- Coherent analysis which might include the following.
- An increase in government spending on building homes may
- increase demand for building workers (1) may increase
- demand for building materials (1) demand for building
- materials workers / other workers related to building industry
- (1) labour is a derived demand (1) reduce structural

Solution 4

- unemployment (1) increase incomes (1) increase consumer
- expenditure (1) increase total demand (1) reduce cyclical
- unemployment (1) increase GDP / economic growth [1]
- may increase quality of homes (1) improve health (1) fewer
- workers may lose their jobs because of illness (1) increase
- labour productivity which may increase demand for labour
- (1) increase supply of houses (1) reduce price of houses [1]
- improve mobility of labour (1).
- 6 Reward, but do not expect reference to multiplier / multiplier
- effects.

Solution 4

- 0455/22
- October/November 2025
- Guidance

Solution 4

(d) Mark scheme

- Discuss whether or not an increase in a country's
- economic growth rate will increase its HDI value.
- In assessing each answer, use the table opposite.
- Why it might:
- ▪
- increase in GDP may increase GDP per head if
- increase in GDP is greater than any rise in population
- ▪

Solution 4

- higher GDP per head may increase spending on good
- nutrition / good housing and as a result increase life
- expectancy
- ▪
- higher GDP per head may increase tax revenue,
- enabling a government to spend on education and
- healthcare
- ▪
- higher GDP per head may enable families to keep their
- children in education for longer.

Solution 4

- Why it might not:
- ▪
- higher GDP per head may result in more spending on
- demerit goods, lowering life expectancy
- ▪
- may lead to inflation hindering access to healthcare and
- education and increase inequality in the distribution of
- income
- ▪
- may be the result of higher military expenditure which

Solution 4

- will not increase HDI
- ▪
- income may become more unevenly distributed,
- meaning life expectancy and years of education of the
- poor may fall
- ▪
- more pollution may be created, lowering life expectancy
- ▪
- working hours and stress may increase, lowering life
- expectancy.

Solution 4

- 8
- Level
- Description
- 3
- A reasoned discussion which accurately
- examines both sides of the economic
- argument, making use of economic
- information and clear and logical
- analysis to evaluate economic issues
- and situations. One side of the

Solution 4

- argument may have more depth than
- the other, but overall, both sides of the
- argument are considered and
- developed. There is thoughtful
- evaluation of economic concepts,
- terminology, information and/or data
- appropriate to the question. The
- discussion may also point out the
- possible uncertainties of alternative
- decisions and outcomes.

Solution 4

- 6–8
- 2
- A reasoned discussion which makes
- use of economic information and clear
- analysis to evaluate economic issues
- and situations. The answer may lack
- some depth and development may be
- one-sided. There is relevant use of
- economic concepts, terminology,
- information and data appropriate to the

Solution 4

- question.
- 3–5
- 0455/22
- October/November 2025
- Guidance
- Level
- Description
- 1
- There is a simple attempt at using
- economic definitions and terminology.

Solution 4

- Some reference may be made to
- economic theory, with occasional
- understanding.
- 1–2
- 0
- A mark of zero should be awarded for
- no creditable content.
- 0
- Guidance

Question 22

0455/11 J25 ▪ Q22 ▪ 1 mark

22 A government uses the labour force survey method to calculate unemployment.

What is required under this method for a person to be classified as unemployed?

	eligible for unemployment benefits	immediately available for work	actively seeking work
A	no	no	yes
B	no	yes	yes
C	yes	yes	no
D	yes	no	no

Question 22

Solution 22

Answer: **B**

Why

- The labour force survey counts someone as unemployed only if they meet three tests.
- They must be without work, *available* to start, and *actively seeking* it.
- Someone not looking for work is outside the labour force, not unemployed.

Question 23

0455/12 J25 ▪ Q23 ▪ 1 mark

23 A school leaver is unable to find a job immediately after completing their education.

Which type of unemployment is this?

A cyclical

B frictional

C regional

D structural

Solution 23

Answer: **B**

Why

- Frictional unemployment is the short-term unemployment of people between jobs.
- A school leaver searching for a first job is exactly that.
- It is neither cyclical (demand deficiency) nor structural (skills mismatch).

Question 20

0455/12 M25 ▪ Q20 ▪ 1 mark

20 The table shows the distribution of the working population in millions (m) in various sectors of an economy over two years.

economic sector	year 1 employment (m)	year 2 employment (m)
education	4	3
engineering	6	8
farming	2	1
finance	8	6
healthcare	4	5
motor vehicle production	5	5

Question 20

oil extraction	2	2

What can be concluded from the information?

A Less output was produced in the economy in year 2 than year 1.

B Fewer people were employed in the secondary sector in year 1 than year 2.

C More people were employed in the primary sector in year 2 than year 1.

D More people were employed in the tertiary sector in year 2 than year 1.

Solution 20

Answer: **B**

Why

- Compare each sector's employment between the two years.
- A falling share in one sector with a rising share in another shows structural change.
- Work out the *proportions*, not just the absolute numbers, since the total may have changed.

Question 21

0455/12 N24 ▪ Q21 ▪ 1 mark

21 What causes cyclical unemployment in a recession?

A a permanent decrease in the demand for labour

B a permanent decrease in the supply of labour

C a temporary decrease in the demand for labour

Question 21

D a temporary decrease in the supply of labour

Solution 21

Answer: **C**

Why

- Cyclical unemployment is caused by a fall in aggregate demand during a downturn.
- It is temporary and reverses as the economy recovers.
- A *permanent* fall in demand for an industry's labour is structural unemployment instead.

Question 2

0455/21 N24 ▪ Q2 ▪ 20 marks

2 Unemployment in the United Kingdom (UK) fell in December 2021 to 4.1%. Market forces would usually mean that wages would increase due to this lower unemployment. However, workers' living standards did not increase. New international trade deals were not made fast enough to offset the decreasing trade between the UK and the European Union.

(a) Identify two ways of measuring unemployment. [2]

(b) Explain two factors that could influence living standards, apart from unemployment rates. [4]

(c) Analyse how market forces can increase wages. [6]

(d) Discuss whether or not free trade between countries increases economic growth. [8]

(a) (a) Identify two ways of measuring unemployment. [2] **[2]**

Question 2

(b) (b) Explain two factors that could influence living standards, apart from unemployment rates. [4] **[4]**

(c) (c) Analyse how market forces can increase wages. [6] **[6]**

(d) (d) Discuss whether or not free trade between countries increases economic growth. [8] **[8]**

Solution 2

(a)

Mark scheme

- Identify two ways of measuring unemployment.
- claimant count 1
- (labour force) survey 1
- 2

Solution 2

(b) Mark scheme

- Explain two factors that could influence living standards
- apart from unemployment rates.
- Logical explanation which might include:
- ▪
- income / wage levels (1) higher wages allow people to
- afford more goods and services 1
- ▪
- education (1) high education levels lead greater skills

Solution 2

- and to better paid jobs / lead to high human
- development index 1
- ▪
- health standards / healthcare (1) high health standards
- lead to better enjoyment of life / less illness / better well-
- being 1
- ▪
- cost of living / inflation rate (1) affecting purchasing
- power 1
- ▪

Solution 2

- working hours (1) lower working hours gives more
- leisure time 1
- ▪
- hygiene / sanitation (1) good water quality prevents
- diseases 1
- ▪
- environmental standards (1) e.g. pollution reduces
- quality of life 1
- ▪
- availability of public / merit goods (1) e.g. street

Solution 2

- lights / parks 1
- ▪
- crime rates (1) low crime rates improve safety / quality of
- life 1
- 4 One mark for each factor identified and one mark for each
- explanation.
- Accept arguments which describe reasons for either
- low / high living standards.
- Accept answers that give HDI (1) with reference to either
- GDP per head, education or health.

Solution 2

- 0455/21
- October/November 2024
- Mark
- Guidance

Solution 2

(c) Mark scheme

- Analyse how market forces can increase wages.
- Coherent analysis which might include:
- ▪
- an increase in demand (1) for labour (1) may increase
- wages if the demand for a product increases (1) i.e.
- derived demand (1), there will be an increase in
- demand for workers producing that product (1) for
- example, if price of substitutes such as robots

Solution 2

- increases, there will be an increase in the demand for
- human labour 1
- ▪
- a decrease in supply (1) of labour (1) may increase
- wages if it is caused by a decrease in the labour force
- (1) or a decrease in number of people qualified / having
- skills in that occupation (1).
- 6 Reward, but do not expect, answers that analyse this
- question using elasticity of demand and supply.
- 0455/21

Solution 2

- October/November 2024
- Mark
- Guidance

Solution 2

(d) Mark scheme

- Discuss whether or not free trade will increase
- economic growth.
- In assessing each answer, use the table opposite.
- Why it might:
- ▪
- may enable countries to specialise on what they are
- best at producing
- ▪

Solution 2

- higher competition may increase productivity and lower
- costs of production, increasing demand for their
- products
- ▪
- may enable firms to buy raw materials and capital
- goods at a lower price
- ▪
- may give firms access to larger markets, enabling them
- to expand output.
- Why it might not:

Solution 2

- ■
- may prevent infant industry from growing
- ■
- may speed up the closure of declining industries
- ■
- may replace domestic output with imports
- ■
- may reduce tax revenue
- ■
- firms may gain monopoly power and may restrict output

Solution 2

- ▪
- firms may engage in unfair competition e.g. dumping.
- 8
- Level
- Description
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- accurately examines both sides of
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Solution 2

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- discussion may also point out the
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- alternative decisions and
- outcomes.
- 6–8
- 0455/21
- October/November 2024
- Mark
- Guidance

Solution 2

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- appropriate to the question.
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- occasional understanding.
- 1–2
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Solution 2

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- for no creditable content.
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- 0455/21
- October/November 2024
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- Guidance