4 Unemployment and inflation – Part 2 — Answers

Answers

Work through these after trying the questions yourself.

4.6 People who want a job but cannot find one.
4.7 The economy makes less (lost output), and the unemployed have less income (any one).
4.8 A general rise in prices over time.
4.9 Money buys less than before — its value falls.
4.10 5%.

4.11 The worker is **worse off**. Prices rose by **5%** but the wage rose by only **3%**, so the wage buys *less* than before — their **real income has fallen**.