

Cambridge AS & A Level · Economics 9708 · Notes

Unemployment AS

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What you need to know

By the end of this topic you should be able to:

1. **Say what unemployment means:** people who are able to work, available for work and willing to work at the going wage, who are actively looking for a job but do not have one. Know that the **unemployment rate** is the number unemployed as a percentage of the **labour force** (the employed plus the unemployed), not of the whole population.
2. **Explain how unemployment is measured:** the **claimant count** (people claiming unemployment-related benefits) and the **labour force survey** (a sample survey using the international ILO definition), and the difficulties that make each measure inaccurate.
3. **Explain the causes and types of unemployment:** frictional, structural, cyclical (demand-deficient), seasonal and technological, and tell them apart from a short description.
4. **Explain the consequences of unemployment:** for the unemployed, for firms, for the government and for the economy as a whole, and weigh up how serious different types are.

Ways of reducing unemployment come up in many questions on this topic; the policies themselves (fiscal, monetary and supply-side) are covered in their own topics, and this note shows how to match them to the type of unemployment.

Understand it

Who is unemployed?

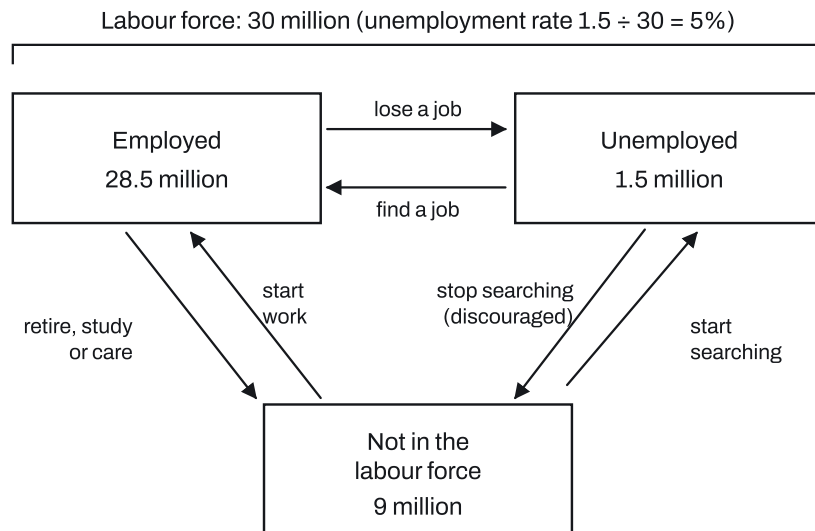
Being without a job is not enough to count as unemployed. A retired teacher, a full-time university student and a parent looking after young children at home have no paid job, but they are not looking for one, so they are **not in the labour force** (economists also call them **economically inactive**). To be **unemployed**, a person must:

- be of working age and **able** to work;
- be **available** to start work soon;
- be **willing** to work at the wage currently on offer in the market;

- be **actively searching** for work, but without a job.

The **labour force** (or workforce) is everyone who is employed plus everyone who is unemployed. The unemployment rate compares the unemployed with the labour force:

$$\text{unemployment rate} = \frac{\text{number unemployed}}{\text{labour force}} \times 100.$$



In the diagram, $\frac{1.5}{30} \times 100 = 5\%$. Dividing by the whole working-age population ($28.5 + 1.5 + 9 = 39$ million) would give 3.8% , which is wrong: the 9 million inactive people are not part of the labour force.

People move between the three groups all the time, and the moves change the figures in ways that surprise students:

- A **discouraged worker** who gives up looking for a job moves from "unemployed" to "not in the labour force". Unemployment falls, but nobody has found work.
- If more young people stay in full-time education instead of working or job-hunting, **both** employment and unemployment can fall, because they leave the labour force.
- If people must work to an older age before they get a state pension, the labour force grows.

Rate and level. The **level** of unemployment is a number of people (1.5 million); the **rate** is a percentage.

When a rate changes from 5% to 6%, it has risen by **1 percentage point**, which is a **20% increase** in the rate ($\frac{6-5}{5} \times 100$). Say which one you mean.

Measuring unemployment

There are two main measures.

The claimant count counts the people who claim unemployment-related benefits from the government. It is cheap and quick, because the figures come from the benefit system's own records, and it is available every month for every area.

Its problems:

- it **misses** unemployed people who are not entitled to benefits or who choose not to claim (for example young people, people whose partner earns, people who have used up their entitlement, and in many lower-income countries almost everyone, because there is no benefit system);
- it may **include** people who are claiming but are not really looking for work, or who are working in the informal economy;
- when a government changes who is entitled to benefits, the count changes even though nothing in the labour market has changed, so figures from different years may not be comparable.

The labour force survey asks a sample of households about their work. It uses the **ILO** (International Labour Organization) definition: someone is unemployed if they have no job, have looked for work in the past four weeks and could start within the next two weeks. Because it uses the same definition in many countries, it is better for **comparing countries** and it catches people who don't claim benefits, so it usually gives a **higher** figure than the claimant count.

Its problems:

- it is a **sample**, so it has sampling errors, and people may not answer honestly or accurately;
- it is **expensive** and slower to produce;
- like every measure, it counts anyone who did even an hour of paid work as employed, so it misses **underemployment** (part-time workers who want full-time work) and **hidden unemployment** (discouraged workers who have stopped searching).

Extra difficulties in lower-income countries. A large **informal economy** (street trading, casual and cash-in-hand work) and a large share of people working on family farms make it hard to say who is employed at all. Work on farms rises and falls with the seasons, so the figures move a lot from month to month.

Types and causes of unemployment

The syllabus names five types. The cause is what tells them apart.

Frictional unemployment. People are between jobs: they have left one job (or just left school or university) and are searching for another. Searching takes time because information about vacancies is never perfect, and a worker may turn down an offer to hold out for a better-paid one. It is usually short-term. Some frictional unemployment exists even in a strong economy, since people are always moving between jobs; better job information (vacancy websites, job centres) shortens the search and so reduces it.

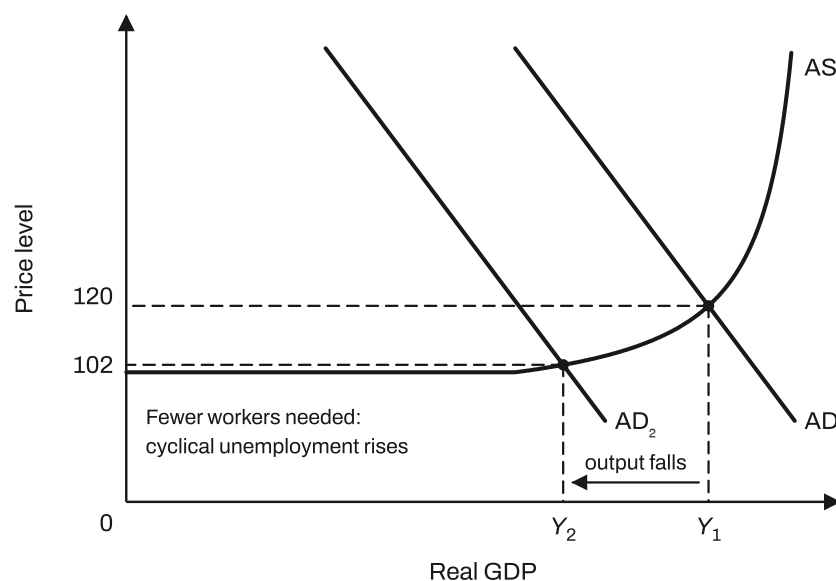
Seasonal unemployment. Some industries need fewer workers at certain times of year: farming outside planting and harvest, tourism in the off-season, building in a cold or rainy season. It is **predictable** and comes back each year. It hits the regions that depend on those industries hardest.

Structural unemployment. The pattern of demand and production in the economy changes for good: an industry declines (coal mining, steel, textiles) because of foreign competition, a change in what people buy, or the running-out of a natural resource. The workers who lose their jobs have the wrong skills for the growing

industries (**occupational immobility**) or live in the wrong place (**geographical immobility**). There may be vacancies elsewhere in the economy, yet these workers cannot fill them. Structural unemployment can last for years and is often concentrated in particular regions.

Technological unemployment is a kind of structural unemployment. New machines, computers, robots or artificial intelligence replace workers (capital is substituted for labour) and the workers do not have the skills to move into the jobs that the new technology creates. In the long run, technology often **creates** jobs too: it lowers costs and prices, so demand and output grow, and new industries appear. The problem is the time it takes and the fact that the new jobs need different skills.

Cyclical (demand-deficient) unemployment. When aggregate demand ($AD = C + I + G + (X - M)$) falls, for example in a recession, firms sell less, cut output and lay off workers. There are too few jobs across the **whole** economy, in many industries at once.

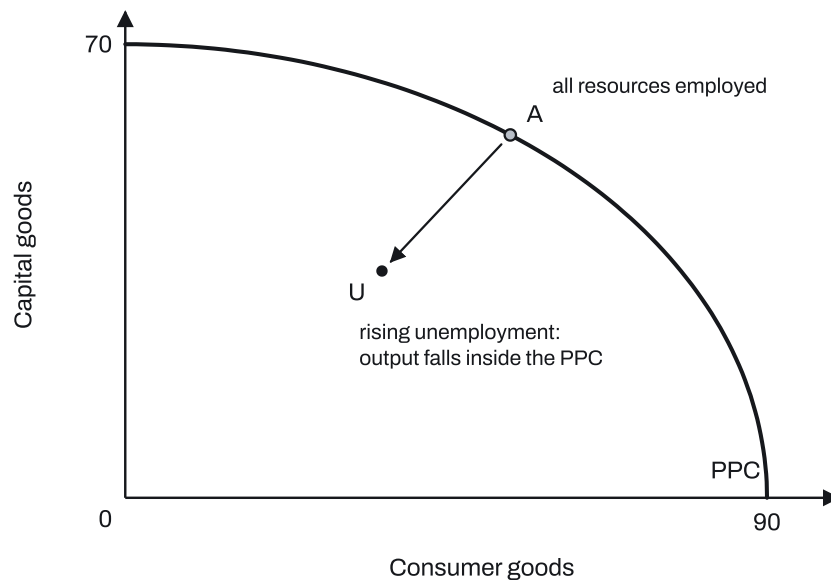


The diagram shows why. When AD falls from AD_1 to AD_2 , real GDP falls from Y_1 to Y_2 . Producing less needs fewer workers, so employment falls. It also shows why cyclical unemployment usually comes with **lower** inflation: the price level falls from 120 to 102 here. To cure it, AD must rise again.

How to tell them apart in a scenario:

Clue in the question	Type
a person is between jobs, searching, turning down an offer, using an agency, poor information about vacancies	Frictional
a regular time of year; harvest, tourist season, weather	Seasonal
an industry in long-term decline; skills or location no longer match the jobs available	Structural
machines, automation, robots or AI replace workers	Technological
a recession, falling incomes or spending, a fall in AD across the economy	Cyclical

Unemployment on a production possibility curve



An economy with unemployed workers is producing **inside** its PPC: it could make more of everything with the resources it already has. A rise in unemployment moves the economy from a point on the curve, such as A, to a point inside it, such as U. The lost output is gone for ever; the curve itself does not shift (unless skills decay and people leave the labour force for good, which lowers capacity in the long run).

Consequences of unemployment

For the unemployed and their families: a loss of income and a lower standard of living; stress and poorer health; skills and work habits decay the longer someone is out of work, so the longer they are unemployed, the harder it is to get a job.

For firms: some effects help firms and some hurt them.

- With many people looking for work, firms can **recruit more easily and cheaply**, and there is less pressure for pay rises.
- But unemployed people spend less, so **demand for firms' products falls**, especially for firms selling normal goods and luxuries.

For the government:

- **Tax revenue falls** (less income tax from workers and less indirect tax from spending);
- **spending on unemployment benefits rises;**
- so the **budget deficit** grows, and money spent on benefits cannot be spent on schools, health care or infrastructure (an opportunity cost).

For the economy and society:

- **lost output:** the economy produces inside its PPC, so real GDP and living standards are lower than they could be;
- **lower AD:** spending falls, which can cause further job losses;
- **greater inequality and poverty**, and social problems such as crime, which can be concentrated in the worst-hit regions;
- a possible benefit: less pressure on prices, so inflation tends to be lower.

How serious? It depends on:

- **the type:** frictional and seasonal unemployment are usually short and predictable; structural and technological unemployment can last years and leave whole regions depressed; cyclical unemployment affects the whole country but ends when demand recovers (though long spells can turn it into longer-term unemployment as skills decay);
- **how long it lasts** and **how many people** it affects;
- **who is affected:** youth unemployment can damage a person's earnings for years;
- **the economy:** a high-income country has benefits to support the unemployed and money for retraining; a low-income country may have neither.

Falling unemployment has the reverse effects: incomes, spending and output rise, tax revenue rises and benefit spending falls. But it has risks too: as the economy nears full employment, spending may grow faster than output (**demand-pull inflation**) and firms may have to raise wages to find workers (**cost-push inflation**); higher incomes pull in more imports, which can worsen the current account.

Key facts and formulas

There is no formula list in the 9708 exam, so everything here is "Learn it".

Formula	Status
Unemployment rate = $\frac{\text{number unemployed}}{\text{labour force}} \times 100$	Learn it
Labour force = employed + unemployed (not the whole population, not the working-age population)	Learn it
Change in a rate in percentage points = new rate – old rate	Learn it
Percentage change in a rate = $\frac{\text{new rate} - \text{old rate}}{\text{old rate}} \times 100$	Learn it
Unemployed: able, available and willing to work at the current wage, actively seeking work, without a job	Learn it
ILO / labour force survey: no job, looked for work in the past 4 weeks, can start within 2 weeks	Learn it

Formula	Status
Claimant count: people claiming unemployment-related benefits	Learn it
$AD = C + I + G + (X - M)$; a fall in AD causes cyclical unemployment	Learn it

How to do it

We tagged 29 questions for this topic, 2023–2025: 16 Paper 1 multiple-choice questions and 13 Paper 2 data-response or essay questions. 7 of the Paper 2 questions have parts of several types, so the counts add up to 39.

Question type	Questions
Identify the type or cause of unemployment from a scenario	9
Explain causes or types and judge which is most damaging	8
Evaluate policies to reduce unemployment, matched to its type	8
Define and measure unemployment	7
Analyse the consequences of unemployment (or of falling unemployment)	5
Describe or calculate changes in unemployment data	2

1. Identify the type or cause of unemployment from a scenario (9 questions)

All multiple choice (1 mark).

1. **Find the cause** in the stem: why did the person lose the job, or why can't they find one?
2. **Match it** with the clue table in "Understand it": between jobs or poor information → frictional; time of year → seasonal; industry in long-term decline → structural; replaced by machines → technological; falling demand across the economy → cyclical.
3. **Check the distractors.** The usual trap is structural against frictional: if the worker's skills **still match** jobs in the economy and the only problem is finding one, it is frictional.

Variations you will meet:

- **"Which would reduce frictional unemployment?"** Anything that shortens the job search: more and better information on vacancies (job websites, agencies). Capital-intensive production, retraining or more public-sector jobs deal with other types.
- **"Which would raise frictional unemployment?"** More people leaving one job to look for another.
- **Two countries, two changes** (one type falls, another rises): take each column on its own. Mine or factory closures raise structural unemployment; better vacancy information cuts frictional.
- **An industry's share of output falls a lot over decades** → structural.

- **A person is made redundant by a firm in trouble but can use the same skills elsewhere and is searching through an agency** → frictional.
- **A pandemic or recession cuts incomes and spending** → cyclical.
- **"Which type–solution pair is not correct?"** Match each type to its remedy (see type 3); a minimum wage does nothing for technological unemployment.

2. Explain causes or types and judge which is most damaging (8 questions)

Essay (a) parts [8], plus 2- to 6-mark data-response parts.

For an 8-mark essay part (3 knowledge, 3 analysis, 2 evaluation):

1. **Define unemployment** in one sentence (1 knowledge mark).
2. **Explain the cause of each type named** in the question, one accurate sentence each (the other knowledge marks).
3. **Analyse and compare:** for each type, explain what makes it more or less damaging (how long it lasts, how many people it hits, whether it is regional or economy-wide, how easy it is to cure). Always compare the types: an answer that analyses only one type is capped and cannot earn evaluation marks.
4. **Evaluate:** make a judgement with a reason ("structural is likely to be more damaging **because** ...", although if the recession is deep and long ...), then a conclusion that answers the question directly (the second evaluation mark).

For a 6-mark data-response part: two or three developed points on one side, two or three on the other, then a judgement and a justified conclusion (up to 4 for analysis, 2 for evaluation with 1 kept for the conclusion). Use the extract.

Variations you will meet:

- **"Is some frictional unemployment inevitable?"** Yes side: people will always be changing jobs or entering the labour force, and no one has perfect information, so there will always be a gap. No side: better information and faster matching can make the gap very short, so its size can be cut a lot. Judge: some is inevitable, but its **size** is not.
- **"Which is most damaging to a high-income economy?"** or **"With reference to a country known to you"**: tie each point to that kind of economy (a high-income economy has benefits, retraining and mobile workers, but automation hits it hard; name a real industry or region if asked for a country). Marks are limited if you ignore the context.
- **"Explain how the extract shows seasonal unemployment"** [2]: quote the clue (a sector that needs fewer workers at a particular time of year) and link it to the job losses.
- **"Cyclical or structural?"** for an industry being run down on purpose, such as oil producers moving to other industries: it is structural (a lasting change in the pattern of production), not cyclical.
- **"Assess the impact of new technology (such as AI) on unemployment"** [6]: short run, jobs are lost as machines replace workers (give an example and develop it); long run, lower costs, higher output and new industries can create jobs (example, develop); then a conclusion that depends on retraining and the speed of change.

- **"How will a recovery affect employment?":** rising C , I , G or X raise AD, so firms produce more and hire more workers; how far depends on the size and speed of the recovery.

3. Evaluate policies to reduce unemployment, matched to its type (8 questions)

Essay (b) parts [12], 6-mark data-response parts and one multiple-choice question.

The key idea: **the right policy depends on the type of unemployment.**

Type	Policy that fits	Why
Cyclical	Raise AD: fiscal (more government spending, lower taxes) or monetary (lower interest rates)	The problem is too little spending
Structural, technological	Supply-side: education, retraining, help to move to jobs, incentives for new industries in hard-hit regions	The problem is a mismatch of skills or place
Frictional	Better information on vacancies (job centres, websites); support that encourages a quicker return to work	The problem is the time spent searching
Seasonal	Encourage other work in the off-season, diversify the local economy	The problem is the calendar

For a 12-mark part (8 for knowledge and analysis by level, 4 for evaluation):

1. **Define** unemployment and the policy (or policies) in the question.
2. **Explain how the named policy reduces unemployment**, as a chain: for example, a training scheme → workers gain the skills growing industries need → they can fill vacancies → structural unemployment falls.
3. **Explain its limits**: supply-side policies take years to work, cost the government money and do little for a lack of demand; demand-side policies act faster but may cause inflation near full capacity, may suck in imports, and lower interest rates may fund machines that replace workers.
4. **Compare with at least one other policy or type**. A Level 3 answer is balanced; a one-sided answer gets no evaluation marks.
5. **Judge**: which works best depends on the type of unemployment, the state of the economy and the time available; often a mix is best. End with a conclusion that answers the question.

Variations you will meet:

- **"Is supply-side policy equally successful for structural and cyclical unemployment?"** Start from the cause of each type. Structural unemployment comes from a mismatch of skills or place, which training and mobility schemes are built to fix. Cyclical unemployment comes from too little spending, and a policy that raises the economy's capacity to produce does not, by itself, give households and firms more to spend, so it works slowly there. Then judge whether one policy can really tackle both.
- **"Are increases in AD the best way to reduce unemployment in a high-income country?"** You must refer to a high-income economy; without it the answer is capped and gets no evaluation marks. Such economies often have more structural and technological unemployment than cyclical.

- **"Which expansionary policy is most likely to achieve low unemployment?"** Compare at least two (for example monetary against supply-side).
- **Data response, "measures to increase employment" or "will these policies reduce income inequality?"** [6]: explain how each measure gets people into work (and so raises their incomes), then the drawbacks (cost, time, whether the poorest benefit), then a conclusion.

4. Define and measure unemployment (7 questions)

Multiple choice, an 8-mark essay part and a 4-mark data-response part.

Calculating a rate: divide the number unemployed by the **labour force**, not the working-age population or the whole population. If the question gives employed and unemployed, add them to get the labour force first.

Explaining the two measures (essay): name both and explain each in a sentence: claimant count = people claiming unemployment-related benefits; labour force survey = a sample survey counting people without a job who are actively seeking and available for work.

Difficulties (analysis): for each measure, one way it can be too high and one way it can be too low (see "Understand it"). Analyse **both** measures: only one caps the analysis marks. Then evaluate: how big are the errors, and which measure is more reliable for this purpose? Conclude.

Variations you will meet:

- **The definition** (multiple choice): able, available and willing to work **at the current wage** (not above or below it), searching but without a job.
- **Flows between groups** (multiple choice): a discouraged worker moves from unemployed to not in the labour force. More students in full-time education lowers both employment and unemployment.
- **"Consider the difficulties in measuring unemployment in [a lower-income country]"** [4]: use the context: the informal economy, farm and family work, no benefit system, people not registering. Answer the question asked (difficulties), not a description of the methods, and add a judgement of how far they matter.
- **An essay asking for methods of measurement:** write about the measures, not the types of unemployment; an answer about types scores nothing.

5. Analyse the consequences of unemployment (5 questions)

Data-response parts of 2 to 6 marks, part of a 12-mark essay, and one multiple-choice question.

1. **Choose who is affected** (the question may say: firms, government, the economy).
2. **Write a chain for each point:** rising unemployment → incomes fall → spending falls → firms' sales fall. Or: → fewer taxpayers and more claimants → tax revenue falls and benefit spending rises → the budget deficit grows.
3. For "assess", **give both sides:** good effects as well as bad (for firms: cheaper recruitment against weaker demand; for falling unemployment: higher income against inflation).
4. **Judge:** how serious depends on the type, how long it lasts and how many are affected. Conclude.

Variations you will meet:

- **"Identify one impact on firms and one on the government"** [2]: give one of each, thinking through who gains and who loses. A firm facing a large pool of job-seekers can fill its vacancies without raising pay, but it is selling to customers who have less to spend. The government sees its budget squeezed from both ends: fewer earners paying tax, and more households relying on it for support.
- **Consequences of falling unemployment** [6]: good side (higher incomes and living standards, more tax and less benefit spending, more output and investment), bad side (demand-pull and cost-push inflation, more imports and a worse current account); up to 4 for analysis, then a judgement and a justified conclusion.
- **Compare the consequences of two types** [12], such as technological against cyclical: technological hits particular industries, skills and regions and may last; cyclical hits the whole economy but ends when demand recovers. Judge which is more serious and why.
- **PPC diagram** [2]: rising unemployment is a movement from a point on the PPC to a point **inside** it (label the axes with two goods and the curve PPC), as in the diagram above.
- **Multiple choice from a graph**: rising youth unemployment means lower incomes for that group, so spending on the products they buy falls, and vice versa.

6. Describe or calculate changes in unemployment data (2 questions)

Data-response parts of 1 or 2 marks.

1. **"Identify the overall change between [two dates]"**: compare only the first and last figure: "it rose". Don't list the changes in between.
2. **"Compare the trend in two periods"**: state the direction in each ("rose in the first period, then fell in the second").
3. **"Calculate the change in the rate"**: subtract, and give the unit: from 7.4% to 11.9% is **+4.5 percentage points** (or, as a percentage change, $\frac{4.5}{7.4} \times 100 = 60.8\%$). Show your working.

Worked examples

Example 1

A clothing manufacturer moves its factory to another country where wages are lower. Its former machine operators cannot find work, because the new jobs in the region are in software and health care.

Which type of unemployment is this?

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

[1]

The industry has left the region for good, and the workers' skills don't match the jobs on offer: occupational immobility. The answer is **D** (1).

B is the trap: it would be frictional only if the operators' skills were still wanted and they just needed time to find a job. Nothing in the stem suggests a fall in AD (A) or a time of year (C).

Example 2

The table shows labour-market data for Country K.

	2023	2025
Labour force (million)	12.20	12.50
Unemployed, labour force survey (million)	0.61	0.85
Claimant count (million)	0.45	0.52

(a) Calculate the unemployment rate (labour force survey) in 2023 and in 2025. **[2]**

(b) Calculate the change in the unemployment rate between 2023 and 2025. **[1]**

(c) Consider why the claimant count gives a lower figure for unemployment in Country K than the labour force survey. **[4]**

(a) 2023: $\frac{0.61}{12.20} \times 100 = 5.0\%$ (1). 2025: $\frac{0.85}{12.50} \times 100 = 6.8\%$ (1).

(b) $6.8 - 5.0 = +1.8$ percentage points (1). (As a percentage change, the rate rose by $\frac{1.8}{5.0} \times 100 = 36\%$.)

(c) The claimant count only includes people who claim unemployment-related benefits, so jobless people who are not entitled, such as young people who have never worked or those whose partner has a job, are missed (1). Some people who are entitled choose not to claim, for example because the benefit is small (1). The labour force survey asks a sample of households and counts everyone without a job who is looking and available for work, whether they claim or not, so it records more people (1). So the gap comes mainly from who is counted rather than from errors: the survey is the better guide to how many people are without work, although as a sample it has some error of its own (1). (4/4: 3 for the explanation, 1 for the judgement.)

Example 3

Explain why seasonal and structural unemployment occur, and consider which does more harm to an economy that depends heavily on tourism. **[8]**

Unemployment is when people who are able, available and willing to work at the current wage are actively looking for a job but cannot find one (**1, AO1**). Seasonal unemployment arises because some industries need fewer workers at certain times of the year; hotels and restaurants in a beach resort, for example, lay off staff

when the holiday season ends (**1, AO1**). Structural unemployment arises when the pattern of demand changes for good, so an industry shrinks and its workers' skills or locations no longer match the jobs available (**1, AO1**).

Seasonal unemployment in a tourism economy is predictable and temporary: most workers are rehired when visitors return a few months later, and some find off-season work in farming or building, so the loss of income is limited (**1, AO2**). Structural unemployment is more lasting: if tourists stop coming because a new resort elsewhere is cheaper, hotel staff may have skills that no other local industry needs, so they stay unemployed until they retrain or move, and the whole region's spending falls (**1, AO2**). Both types cut incomes and tax revenue, but seasonal job losses are reversed every year while structural ones are not, and they are concentrated in the same towns (**1, AO2**).

Seasonal unemployment is likely to affect more people each year, but for a shorter time, and the economy plans for it (**1, AO3**). Structural unemployment is therefore likely to do more harm, because a lasting fall in tourism would leave many workers without work for years unless they retrain, though the answer could change if the tourist season became very short (**1, AO3**).

(Knowledge 3, analysis 3, evaluation 2: **8/8**.)

Example 4

Assess whether a programme of government-funded retraining is more likely than a cut in interest rates to reduce unemployment in a country where many jobs are being lost to automation. [**12**]

Model answer (outline of each paragraph):

1. **Definitions.** Unemployment: people able, available and willing to work who are actively seeking a job but cannot find one. Retraining is a supply-side policy; a cut in interest rates is expansionary monetary policy, which raises AD. Jobs lost to automation are technological (a form of structural) unemployment. (*Accurate knowledge.*)
2. **How retraining helps.** Workers whose jobs were replaced by machines learn skills that growing industries need, such as maintaining the new equipment or working in health care. They become occupationally mobile and can fill vacancies, so technological unemployment falls; the economy's capacity rises too. (*Developed chain.*)
3. **The limits of retraining.** It takes months or years, it costs the government money that must come from taxes or borrowing, older workers may be unwilling or unable to retrain, and it creates no jobs if there are no vacancies. (*The other side of this policy.*)
4. **How lower interest rates help, and their limits.** Cheaper borrowing encourages spending by households and investment by firms, so AD rises, firms produce more and hire more workers: cyclical unemployment falls. But this does not give displaced workers new skills; firms may spend cheap loans on **more** automation, and near full capacity the extra demand causes inflation. (*Both sides of the alternative: balanced, Level 3.*)
5. **Evaluation.** The answer depends on the type of unemployment: here it is mainly technological, so the cause is a skills mismatch, not a lack of demand. It also depends on time: lower interest rates act faster, but on the wrong problem. If the economy is also in recession, both policies would be needed. (*Evaluation*)

weighing the conditions.)

6. **Conclusion.** Retraining is more likely to reduce this unemployment, because it tackles the actual cause, provided it is well targeted at the skills firms need; a cut in interest rates is useful only for any cyclical unemployment that comes on top. (*Justified conclusion: full evaluation marks.*)

Common mistakes

- **Dividing by the wrong total.** The unemployment rate uses the **labour force** (employed plus unemployed). Students often divide by the working-age population or the whole population.
- **Thinking everyone without a job is unemployed.** Students, retired people and discouraged workers who have stopped searching are not in the labour force, so they are not counted as unemployed.
- **Mixing up frictional and structural.** Frictional: the skills are still wanted and the worker just needs time to find the job. Structural: the jobs for those skills have gone.
- **Writing about types when the question asks about measurement** (or the other way round). Examiners noted in June 2023 that some candidates described the methods of measurement when asked about the difficulties of measuring, and mark schemes give no credit for an answer about types when the question asks for measures.
- **Analysing only one type or one policy** when the question needs a comparison. In June 2024, examiners noted answers that discussed only one policy, which made evaluation almost impossible, and a mark scheme caps the analysis marks when only one type is analysed.
- **Ignoring the context.** A question about "a high-income country" or "a country such as India" expects answers tied to it. In June 2024 the link to a high-income country was rarely made, and one mark scheme gave no evaluation marks without it.
- **Describing policies instead of matching them to the type.** In June 2024 the better answers saw that the best policy depends on the type (AD for cyclical, supply-side for structural); weaker answers just described policies.
- **Leaving out the evaluation, or adding it as an afterthought.** In June 2023 and June 2024 examiners reported that few candidates judged the extent of the effect or which type was more serious. Say what the answer depends on, then conclude.
- **Listing every change in the data.** When asked for the overall change between two dates, compare only those two dates.
- **Confusing percentage points and per cent.** A rate going from 5% to 6% is a rise of 1 percentage point, or 20%.

How to get the marks

- **"Explain what is meant by unemployment":** include all the key words: able, available and willing to work (at the current wage), actively seeking work, without a job.
- **"Calculate":** write the formula with the numbers in, then the answer with its unit (% or percentage points).

- **"Identify" / "State"**: a short answer is enough, but it must answer exactly what is asked (for example the overall change between two dates only).
- **"Explain" in an 8-mark (a) part** is point-marked: up to 3 knowledge marks (definition and an accurate cause of each type or measure), 3 analysis marks (developed comparison of the types or measures), 2 evaluation marks (a reasoned judgement, then a conclusion).
- **"Consider", "assess", "to what extent"**: both sides, each a developed chain (point → because → so), then "it depends on ..." (the type, the duration, the context, the time scale) and a one-sentence conclusion that answers the question. A one-sided answer gets no evaluation marks.
- **6-mark data-response parts**: up to 3 marks a side, 4 for analysis in all, 2 for evaluation with 1 kept for a justified conclusion. Quote the data and use the country in the extract.
- **12-mark (b) parts**: 8 marks for knowledge and analysis by level (Level 3 needs a balanced, accurate and relevant answer, usually comparing at least two policies or types) and 4 for evaluation. Evaluate as you go, not only in a last line.
- **Diagrams**: on a PPC, unemployment is a point inside the curve; on an AD/AS diagram, label the axes **price level** and **real GDP** and show AD falling for cyclical unemployment.

Quick check

1. A country has a working-age population of 60 million, a labour force of 42 million, and 39.48 million people in work. Calculate the number unemployed and the unemployment rate.
2. Name the type of unemployment in each case: (a) a ski instructor out of work in summer; (b) a graduate who takes three months to find a first job; (c) bank clerks replaced by online banking; (d) builders laid off across the country in a recession; (e) shipyard workers whose yard closes for good because of foreign competition.
3. An unemployed worker gives up looking for work because she believes there are no jobs. What happens to the level of unemployment and to the labour force?
4. A country's unemployment rate rises from 4.0% to 5.0%. By how many percentage points has it risen, and by what percentage?
5. Explain one likely consequence of rising unemployment for the government's budget. [2]

Answers

1. Unemployed = $42 - 39.48 = 2.52$ million. Rate = $\frac{2.52}{42} \times 100 = 6\%$. (The working-age population is not used.)
2. (a) Seasonal. (b) Frictional. (c) Technological. (d) Cyclical. (e) Structural.
3. She moves from "unemployed" to "not in the labour force", so the level of unemployment **falls** by one and the labour force **shrinks** by one, although she still has no job (hidden unemployment).
4. $5.0 - 4.0 = 1$ percentage point. As a percentage: $\frac{1}{4.0} \times 100 = 25\%$.
5. Fewer people in work pay income tax and people spend less, so tax revenue falls (1); at the same time more people claim unemployment benefits, so government spending rises and the budget deficit grows (1).

Past questions to try

- **9708/12/F/M/25 Q17**: a fall in frictional and a rise in structural unemployment in two countries.
- **9708/22/O/N/24 Q4**: two measures of unemployment and their difficulties, then supply-side policy for structural and cyclical unemployment.
- **9708/21/M/J/23 Q1**: India's unemployment data: calculating the change, measurement difficulties, seasonal and frictional unemployment.
- **9708/21/M/J/24 Q5**: three causes of unemployment in a high-income economy, then which expansionary policy works best.