IGCSE ECONOMICS · 2.1 GOVERNMENT AND THE ECONOMY · CHAPTER 27 · PAPER 2

Unemployment

Topic question sheet L27 | **Total: 30 marks** | **Time: 35 minutes** | **Student Book pp. 211–219**

Instructions: answer **all** questions. Write your answers on lined paper. The marks for each question are shown in brackets: use them as a guide to how much to write.

Calculators may be used. Show your working. Draw diagrams in pencil and label them fully. The mark scheme starts on a new page: do not look at it until you have finished.

Section A: Multiple choice

One mark each. Choose **one** answer: A, B, C or D.

1 Which type of unemployment refers to people out of work while moving between jobs? **(1)**

A Seasonal
B Frictional
C Voluntary
D Structural

2 Under the ILO definition, an unemployed person must have actively looked for work within the last: **(1)**

A 2 weeks
B 4 weeks
C 6 months
D 1 year

3 Jobs lost because ATMs replace bank cashiers are an example of: **(1)**

A technological unemployment
B seasonal unemployment
C voluntary unemployment
D frictional unemployment

4 On a PPC diagram, unemployment is shown by a point: **(1)**

A on the curve
B outside the curve
C inside the curve
D on the vertical axis only

Section B: Short answers

Define, state, calculate, draw and explain. Show your working for calculations.

5 Define **cyclical unemployment**. **(1)**

6 Calculate Westmark's unemployment rate after the rise. You are advised to show your working. **(2)**

7 State **two** types of unemployment shown in the extract. **(2)**

8 Explain why the steel workers may stay unemployed for a long time. **(3)**

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Section C: Data response

Read the extract, then answer the questions. Use evidence from the extract in every answer.

Extract: Unemployment in Westmark

The fictional country of Westmark has a labour force of 8 million. Unemployment rose from 320 000 to 560 000 in a year as a recession cut demand for cars and furniture.

In the north, a steel works closed after 90 years because of cheap imports, and 4000 workers lost their jobs. Many are over 50 and say they cannot move south, where jobs in financial services are available. Government spending on benefits has risen by 30%.

Fictional case, written for this sheet.

9 With reference to the extract, analyse the impact of rising unemployment on Westmark's government. **(6)**

10 With reference to the extract, evaluate whether cyclical or structural unemployment is the bigger problem for Westmark. **(12)**

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Mark scheme: Unemployment

How to mark: Multiple choice, Define, State: 1 mark. **What is meant by** (2): two separate parts to the definition. **Calculate**: working and answer (with units). **Draw** (3): one mark per correct labelled feature. **Explain** (3): 1 for a point, 2 for developing it in context. **Analyse** (6): knowledge 2, application 2, analysis 2. **Assess** (9) and **Evaluate** (12) are marked by levels: choose the level that best fits the whole answer. Indicative content is a guide: credit other valid points.

Section A

1 *Which type of unemployment refers to people out of work while moving between jobs? (1 mark)*

Answer: B (Frictional). Short-term, between jobs.

2 *Under the ILO definition, an unemployed person must have actively looked for work within the last: (1 mark)*

Answer: B (4 weeks). And be able to start within 2 weeks.

3 *Jobs lost because ATMs replace bank cashiers are an example of: (1 mark)*

Answer: A (technological unemployment). A type of structural unemployment.

4 *On a PPC diagram, unemployment is shown by a point: (1 mark)*

Answer: C (inside the curve). Resources are not fully used.

Section B

5 *Define cyclical unemployment. (1 mark)*

Unemployment caused by falling demand as a result of a downturn in the economic cycle (1).

6 *Calculate Westmark's unemployment rate after the rise. You are advised to show your working. (2 marks)*

Working: 560 000 ÷ 8 000 000 × 100 (1).

Answer: 7% (1).

7 *State two types of unemployment shown in the extract. (2 marks)*

Cyclical: recession cut demand (1).

Structural (sectorial/regional): steel works closed in the north (1).

8 *Explain why the steel workers may stay unemployed for a long time. (3 marks)*

Point: labour immobility (1).

Development: they cannot move south (geographical immobility) (1) and their skills don't fit financial services jobs (occupational immobility) (1).

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Section C

9 *With reference to the extract, analyse the impact of rising unemployment on Westmark's government. (6 marks · K2 · Ap2 · An2)*

Knowledge (2): more benefit spending; less tax revenue.

Application (2): benefits up 30%; 240 000 more unemployed.

Analysis (2): opportunity cost (less for schools/hospitals); less income tax and spending tax, so borrowing or tax rises.

Knowledge 2 · Application 2 · Analysis 2.

10 *With reference to the extract, evaluate whether cyclical or structural unemployment is the bigger problem for Westmark. (12 marks · levels)*

Cyclical: larger numbers (240 000 rise); but temporary, should fall in recovery.

Structural: smaller (4000) but long-lasting; older, immobile workers; regional decline and social problems.

Judgement: cyclical is bigger now, structural more persistent; depends on the length of the recession and on retraining/regional policy.

Levels: L1 1–3 · L2 4–6 · L3 7–9 · L4 10–12 (balanced, well-developed arguments using the data throughout, and a justified conclusion that answers the question).

Original practice questions written in the style of the Pearson Edexcel International GCSE Economics (4EC1) papers. This is not an official paper. Unless a source is given, the firms, countries and figures are fictional and made up for practice.

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