

CHAPTER 30 EMPLOYMENT AND UNEMPLOYMENT



Macroeconomics - year11

Agenda

Drive growth of monthly sales volume of purchases

- Multiple choice
- Essay

Be the most desirable brand



RECAP

1. **Employment:** Individuals who are both willing and able to work, and they get jobs.
2. **Unemployment:** Individuals who are willing and able to work but do not get jobs.
3. **Full employment:** When people who are willing and able to work get a job.
Unemployment is at its lowest possible rate
4. **Unemployment Rate:** The percentage of the workforce that is unemployed.
5. **Measurement of unemployment:** Claimant count and Labour force survey (ILO)

RECAP

6. Causes of unemployment:

- Frictional unemployment (e.g., workers are between jobs)
- Structural unemployment (e.g., regional unemployment and technological unemployment)
- Cyclical fluctuations (e.g., economic recessions)

RECAP

7. **Effects of unemployment:** reduced consumer spending, decreased firms' profits, lower productivity, decreased government's tax revenue and psychological impacts like stress and decreased well-being.
8. **Policies to reduce unemployment:** include
 - **Expansionary fiscal and monetary policies** designed to boost aggregate demand, thereby generating job opportunities.
 - **Supply-side strategies** involve investments in education and training programs to enhance workforce skills and productivity.

Part1-Multiple choice

1. Which of the following best defines unemployment?

- A) People who are not working and not looking for a job.
- B) People who are willing and able to work but cannot find a job.
- C) People working part-time but want a full-time job.
- D) People who are self-employed.

Part1-Multiple choice

1. Which of the following best defines unemployment?

- A) People who are not working and not looking for a job.
- B) People who are willing and able to work but cannot find a job.
- C) People working part-time but want a full-time job.
- D) People who are self-employed.

Answer: B

Part1-Multiple choice

2. How is the unemployment rate calculated?

A) $(\text{Number of unemployed} \div \text{Total population}) \times 100$

B) $(\text{Number of unemployed} \div \text{Labor force}) \times 100$

C) $(\text{Labor force} \div \text{Total population}) \times 100$

D) $(\text{Number of employed} \div \text{Total population}) \times 100$

Part1-Multiple choice

2. How is the unemployment rate calculated?

A) $(\text{Number of unemployed} \div \text{Total population}) \times 100$

B) $(\text{Number of unemployed} \div \text{Labor force}) \times 100$

C) $(\text{Labor force} \div \text{Total population}) \times 100$

D) $(\text{Number of employed} \div \text{Total population}) \times 100$

Answer: B

Part1-Multiple choice

3. Which of the following best describes structural unemployment?

- A) Unemployment caused by a decrease in aggregate demand
- B) Unemployment caused by technological changes in industries
- C) Unemployment caused by seasonal variations in demand
- D) Unemployment caused by a lack of willingness to work

Part1-Multiple choice

3. Which of the following best describes structural unemployment?

- A) Unemployment caused by a decrease in aggregate demand
- B) Unemployment caused by technological changes in industries
- C) Unemployment caused by seasonal variations in demand
- D) Unemployment caused by a lack of willingness to work

Answer: B) Unemployment caused by technological changes in industries

Part1-Multiple choice

4. Which of the following would most likely lead to an increase in cyclical unemployment?

- A) A sharp rise in government spending
- B) A technological breakthrough that enhances productivity
- C) A prolonged period of economic recession
- D) A decline in the minimum wage

Part1-Multiple choice

4. Which of the following would most likely lead to an increase in cyclical unemployment?

- A) A sharp rise in government spending
- B) A technological breakthrough that enhances productivity
- C) A prolonged period of economic recession
- D) A decline in the minimum wage

Answer: C) A prolonged period of economic recession

Part1-Multiple choice

5. Which type of unemployment is most common in industries such as tourism and agriculture?

- A) Structural unemployment
- B) Frictional unemployment
- C) Seasonal unemployment
- D) Cyclical unemployment

Part1-Multiple choice

5. Which type of unemployment is most common in industries such as tourism and agriculture?

- A) Structural unemployment
- B) Frictional unemployment
- C) Seasonal unemployment
- D) Cyclical unemployment

Answer: C

Part1-Multiple choice

6. Which method is commonly used by governments to measure unemployment?

- A) Surveys and labor force sampling
- B) Counting the number of job advertisements
- C) Measuring the total population
- D) Checking tax records of workers

Part1-Multiple choice

6. Which method is commonly used by governments to measure unemployment?

- A) Surveys and labor force sampling
- B) Counting the number of job advertisements
- C) Measuring the total population
- D) Checking tax records of workers

Answer: A

Part1-Multiple choice

7. Which policy would best reduce frictional unemployment?

- A) Reducing interest rates
- B) Providing better job information and career counseling
- C) Increasing unemployment benefits
- D) Raising corporate taxes

Part1-Multiple choice

7. Which policy would best reduce frictional unemployment?

- A) Reducing interest rates
- B) Providing better job information and career counseling
- C) Increasing unemployment benefits
- D) Raising corporate taxes

Answer: B

Part2-Essay

1 (a) State two negative impacts of unemployment. [2]

2 (b) Describe two ways in which unemployment may affect businesses. [4]

3 (c) Analyse how a decrease in unemployment could contribute to higher inflation. [6]

4 Evaluate the extent to which supply-side policies can help lower unemployment. [8]

Part2-Essay

Macro aims

- 1 High growth
- 2 low unemployment
- 3 low inflation
- 4 Balance of payment stability
5. Reduce poverty and income equality
6. Reducing pollution and resource waste

Parties in economy

- 1 consumer/workers // producer,MNC
- 2 gov //tax payer
- 3 exporter // importer
- 4 saver // borrower (for inflation topic)

1 (a) State two negative impacts of unemployment. [2]

Part2-Essay

3 (c) Analyse how a decrease in unemployment could contribute to higher inflation. [6]

The End

