Your notes

GCSE Economics: revision notes

Unemployment

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Measuring unemployment

- **Unemployment** is when people who are willing and able to work can't find a job.
- The **claimant count** counts people claiming **unemployment**-related benefits. The **Labour Force Survey** (LFS) uses the international (ILO) definition: people without a job who have looked for work in the past four weeks and can start within two weeks. The LFS usually gives a higher figure.
- The **unemployment** rate = unemployed ÷ labour force × 100.

Types of unemployment

- Cyclical (demand-deficient): caused by a recession, when demand falls across the economy.
- Structural: caused by long-term changes in the economy, such as the decline of coal mining or shipbuilding.
- Frictional: people between jobs, which is short-term.
- Seasonal: jobs that exist only at certain times, such as tourism in summer.

Consequences

- For individuals: lower income, loss of skills, stress and poorer health.
- For the economy: lost output, lower tax revenue and higher benefit spending, and possible social problems.
- Policies: training (for **structural unemployment**), boosting demand (for cyclical) and better job information (for frictional).

Key terms

Unemployment	Being willing and able to work but not having a job.
Claimant count	The number of people claiming unemployment-related benefits.

Labour Force Survey	A survey measuring unemployment using the international definition.
Cyclical unemployment	Unemployment caused by a fall in demand in a recession.
Structural unemployment	Unemployment caused by long-term decline of industries.
Frictional unemployment	Short-term unemployment between jobs.
Seasonal unemployment	Unemployment linked to times of the year.

Quick questions

Cover the answers and test yourself: remembering is what makes it stick.

1. What is the claimant count?
2. What is structural unemployment?
3. What is frictional unemployment?
4. What causes cyclical unemployment?
5. Which is an example of seasonal unemployment?
6. The labour force is 2 million and 100,000 are unemployed. What is the unemployment rate?
7. What is a cost of unemployment to the government?
8. Which policy best tackles structural unemployment?

Answers

1. The number of people claiming unemployment-related benefits
2. Unemployment caused by the long-term decline of industries
3. Short-term unemployment between jobs
4. A fall in demand during a recession
5. A beach café worker without work in winter
6. 5%
7. Lower tax revenue and higher benefit spending
8. Retraining workers in new skills

What to do next

Practise 10 questions on this topic

Try 3 exam questions, with mark schemes

Read the lesson, one step at a time

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