• Worklessness: an economic condition whereby people who are willing and able to work are nevertheless unable to secure employment. It also refers to the total number of people registered as being unable to find employment in an economy. ✓

• A measure of the level of economic activity in a population being the number of people in or seeking work as a proportion of the total working-age population. participation rate

• A type of unemployment that is short-lived and occurs as people change jobs and may be out of work for a few weeks while they do so. frictional

• A type of unemployment that occurs for several months of each year in industries such as farming, constructions and tourism, because of changes in weather patterns and consumer demand. seasonal

• Widespread, demand-deficient unemployment associated with economic recessions. cyclical

• The term used to describe any unemployment caused by people deciding they would rather not be in work. voluntary

• A form of employment that involves working a contracted number of hours, normally exceeding 40, spread over five days each week. full time

• The inability of labour to move or change their occupation because they lack transferable skills. occupational immobility

• Unemployment caused by changes in the industrial structure of an economy during which entire industries may decline and close due to a permanent fall in demand for their goods or services. Workers displaced from these industries often face long-term unemployment because they have old and out-of-date skills no longer required by modern industries. structural

• Unemployment that is concentrated in particular areas often due to the decline of major industries based in these areas. regional
2 Explain why unemployment is sometimes described as a ‘waste of resources’.

The unemployed are an unused resource that could otherwise be employed to produce goods and services to satisfy a greater number of wants.

3 Identify two possible advantages for an economy if unemployment falls.

i) There will be: an increase in tax revenues from the larger number of people earning incomes; a reduction in public spending on unemployment benefits – taxes can be lowered or the public spending diverted to other more productive uses instead; an increase in output; a reduction in poverty; an increase in living standards.

ii) ...

4 i) What types of unemployment do the statements below describe?

ii) For each type, suggest one action the government could take to help improve employment opportunities.

Firms cut output and employment as economic recession deepens

i) Cyclical

ii) Expansionary fiscal policy and/or monetary policy

Manufacturing employment falls again: lower skill levels and productivity than overseas producers to blame says new report

i) Structural

ii) Ensure public provision of, or subsidize, training for unemployed workers to teach them new skills and improve their productivity; subsidize new industries to promote their growth and new employment opportunities.