2.5 Causes and Consequences of Unemployment: 10-minute Pack

AQA 7136 · Calculators not allowed · about 10 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer all questions. Use full sentences for every 'Explain', 'Assess' or 'Evaluate' question and for the diagram description. Time guidance: 10 minutes.

1 Define structural unemployment and give a brief UK example.

(Total for Question 1 is 2 marks)

2 Define real-wage (classical) unemployment and explain the role of a wage floor.

(Total for Question 2 is 2 marks)

3 Explain one cause of structural unemployment in the UK car industry, giving a specific mechanism.

(Total for Question 3 is 3 marks)

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Mark scheme · 2.5 Causes and Consequences of Unemployment: 10-minute Pack

Question 1

longer-term unemployment caused by a mismatch between workers skills/locations and the skills/locations demanded by employers **B1**

example: job losses in parts of the UK car manufacturing supply chain following automation or relocation of plants overseas **B1**

Answer: Longer-term unemployment caused by a persistent mismatch between the skills or location of workers and the jobs available; example: workers made redundant in a local steel plant whose skills do not match new high-tech manufacturing jobs.

Question 2

unemployment that occurs when real wages are set above the market-clearing level, creating excess labour supply **B1**

a wage floor, such as a statutory minimum wage above equilibrium, prevents wages from falling to clear the market, sustaining unemployment **B1**

Answer: Unemployment that exists when real wages remain above the equilibrium level so more workers want jobs than firms want to hire; a wage floor like a minimum wage can prevent wages adjusting downward and so maintain this excess supply.

Question 3

identifies a cause, e.g. technological change/automation increasing capital intensity in car plants **M1**

explains the mechanism: automation reduces demand for routine assembly-line workers while increasing demand for higher-skilled technicians and engineers **A1**

links to structural unemployment: workers with previous skills may be unable to fill the new vacancies without retraining or relocation **A1**

Answer: Technological change such as automation can reduce demand for routine assembly-line labour while increasing demand for higher-skilled technicians; as a result, existing workers lose jobs but cannot fill the new roles without retraining, producing structural unemployment.

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