

Summary

3.3 Macroeconomic objectives - Low Unemployment

Subject	Year	Start date	Duration
Economics	IB2	Week 1, October	1 week 4 hours

Course Part

Macroeconomics

Description

Low unemployment:

- Define the term unemployment.
- Explain the unemployment rate and how unemployment is measured.
- Calculate the unemployment rate from a set of data.
- Explain how a diagram illustrates that minimum wage can be used to show unemployment.
- Explain the difficulties in measuring unemployment, including the existence of hidden unemployment, underemployment, and the fact that it is an average and therefore ignores regional, ethnic, age and gender disparities.
- Explain a diagram showing a fall in the demand for labour for a particular market or geographical area.
- Discuss the possible economic, personal and social consequences of unemployment.
- Describe, using examples, the causes of unemployment (cyclical (demand-deficient), frictional, structural and seasonal).
- Explain, using a diagram, how cyclical unemployment is caused by a fall in aggregate demand.
- Explain the natural rate of unemployment, which is the sum of the structural, seasonal and frictional unemployment.
- Explain, using a diagram, how structural unemployment is caused by changes in the demand for particular labour skills, changes in the geographical location of industries, and labour market rigidities.
- Evaluate government policies to deal with the different types of unemployment.

Inquiry & Purpose

? Inquiry / Higher Order Questions

Type

Inquiry Questions

Skills-based

The successes/failures in meeting government objectives, based on data collected for a variety of countries over a given period of time.

Curriculum

◇ Objectives

Application and analysis (AO2)

Analyse how economic information is used effectively in particular contexts

Use and application of appropriate skills (AO4)

Produce and use diagrams to help explain economic theory, concepts and real-world issues

Syllabus Content

Unit 3: Macroeconomics

Real-world issue 1 - Why does economic activity vary over time and why does this matter?

3.3 Macroeconomic objectives

Low unemployment

Measurement of unemployment and the unemployment rate

Difficulties of measuring unemployment

Causes of unemployment—cyclical (demand deficient), structural, seasonal, frictional

Natural rate of unemployment—sum of the structural, seasonal, frictional unemployment

Costs of unemployment—personal costs, social costs, economic costs

Calculation: the unemployment rate from a set of data

Diagram: minimum wage to show unemployment

Diagram: showing a fall in the demand for labour for a particular market or geographical area

Diagram: deflationary gap to show cyclical unemployment

Concepts

Change in the conditions of the demand and supply sides of the economy cause economic activity to vary over time.

- Fluctuations in economic activity impact the **economic well-being** of individuals and societies

ATL Skills

Approaches to Learning



Communication

- In this unit, we will

encourage or require students to plan a response before they begin



Developing IB Learners

☆ Learner Profile



Principled

IB DP IB Economics Group 3 (IB2)



Caring