

After the ferry: unemployment in a coastal town

Teacher guidance and answers | Original TBS classroom practice

Use this lesson after students have met the main measures of unemployment. Students calculate employment, unemployment and inactivity rates for a fictional coastal town before and after its ferry terminal closes, compare the claimant count with the ILO measure, sort scenario cards by cause of unemployment in pairs and decide which of three policies would help the town most. The tasks are planned to take about 55 minutes and have not been trialled in a classroom. The minutes include brief answer checking but not handing out materials or a full plenary; allow about 65 minutes in the timetable. Suited to Year 12 or Year 13 classes studying Edexcel 9EC0 Theme 2.

Curriculum fit

Pearson Edexcel Level 3 Advanced GCE in Economics A (9EC0), Specification Issue 2, October 2016, Theme 2, section 2.1.3 Employment and unemployment (printed page 13): (a) measures of unemployment: the claimant count, the International Labour Organisation (ILO) and the UK Labour Force Survey; (b) the distinction between unemployment and under-employment; (c) the significance of changes in the rates of employment, unemployment and inactivity; (d) the causes of unemployment: structural, frictional, seasonal, demand deficiency and cyclical unemployment, real wage inflexibility; (e) the significance of migration and skills for employment and unemployment. Task 4 and Task 5 also use the policy names in 2.6.2 Demand-side policies and 2.6.3 Supply-side policies (printed pages 18 and 19). Percentage and percentage point changes are quantitative skill QS 2 (Appendix 3, printed page 59). Checked against the archived Issue 2 specification; please confirm the specification for your cohort with your exams officer. This is a TBS lesson, not a Pearson resource; it is not endorsed by Pearson and uses no Pearson exam questions or mark schemes.

Simplifications and assumptions: all three rates use people aged 16-64 (official UK unemployment rates use everyone aged 16 and over). Real ILO figures for a small town would be survey estimates with a margin of error. The policy costs and job numbers are estimates, and Task 4 assumes nobody would have found work without the policy. All figures are fictional. The answers are indicative teaching guidance only. There is no official mark tariff, level descriptor or AO allocation for these tasks and no grade claim is made.

Lesson plan (about 55 minutes of tasks, estimated)

Stage	Minutes	What happens
Starter: which measure?	5	Match four terms.
Task 1: the rates	10	Rates for two years; percentage point change.
Task 2: which measure?	8	Claimant count, ILO and under-employment.
Task 3: card sort	10	Pairs sort eight cards by cause.
Task 4: three policies	8	Cause targeted and cost per expected job.
Task 5: decide	10	Written judgement.
Exit ticket	4	Two quick questions.
Total	55	

45-minute version: starter 4, Task 1 8, Task 2 6, Task 3 8, Task 4 6, Task 5 9, exit ticket 4. Task 3 already runs in pairs; in Task 2 set only parts a, b and d. This timing has not been trialled. The 45 minutes are task time only, so in a real 45-minute period, with handing out and feedback, move the exit ticket to homework.

Answers: starter and Task 1

Indicative guidance for teachers. This is not an exam board mark scheme and carries no marks or grades.

Starter: (i) ILO unemployed; (ii) claimant count; (iii) economically inactive; (iv) under-employed.

Task 1a	Last year	This year	Working
Economically active	32,000	30,225	$30,400 + 1,600$; $27,807 + 2,418$
Employment rate	76.0%	71.3%	$30,400 / 40,000 \times 100$; $27,807 / 39,000 \times 100$
Unemployment rate	5.0%	8.0%	$1,600 / 32,000 \times 100$; $2,418 / 30,225 \times 100$
Inactivity rate	20.0%	22.5%	$8,000 / 40,000 \times 100$; $8,775 / 39,000 \times 100$

All six rates come out exactly, so no rounding is needed. Common errors: dividing ILO unemployed by the whole population aged 16-64 ($1,600 / 40,000 = 4.0\%$; $2,418 / 39,000 = 6.2\%$) instead of by the economically active; adding the claimant count or the part-time workers to the population.

Task 1b: $8.0 - 5.0 = 3.0$ percentage points. Percentage change = $3.0 / 5.0 \times 100 = 60\%$ increase. Common error: saying unemployment rose "by 3%". The employment rate fell 4.7 percentage points (76.0 to 71.3) and the inactivity rate rose 2.5 percentage points (20.0 to 22.5).

Task 1c, model answer: The other 1,775 people: inactivity rose by 775, for example people who stopped looking for work, and 1,000 fewer people aged 16-64 live in the town, as some moved away to find work.

Teacher note: $818 + 775 + 1,000 = 2,593$. The rise in inactivity and the fall in the working-age population link to 2.1.3 (c) and (e): the unemployment rate alone understates the damage, and people moving away to find work is migration.

Answers: Task 2 and Task 3

Task 2a: last year $1,600 - 1,200 = 400$; this year $2,418 - 1,950 = 468$.

Task 2b, model answer: Some ILO unemployed people cannot claim benefits, for example because a partner works or they have savings. Others, such as young people looking for a first job, choose not to claim.

Task 2c, model answer: The ILO measure: it counts everyone without a job who is looking for and available for work, whether or not they claim benefits, so benefit rules do not change it. Also accept the claimant count with a reason: it is a count of every claim, available quickly for a small area, while the Labour Force Survey is a sample survey.

Task 2d, model answer: No. They have a job, so they are employed, not unemployed. They are under-employed: they want more hours than they can get. The rise from 900 to 1,600 shows spare labour the unemployment rate misses.

Task 3a card	Cause	Why (for discussion)
A	Structural	Skills no longer match the jobs available.
B	Seasonal	Work disappears at the same time each year.
C	Frictional	Short gap while choosing between jobs.
D	Demand deficiency	Less spending, so less demand for workers.
E	Structural	Jobs for these skills are only far away.
F	Real wage inflexibility	Wages stay above the level that clears the market.
G	Frictional	Between jobs, actively searching.
H	Demand deficiency (cyclical)	Economy-wide fall in demand in a recession.

Card D is a local fall in demand caused by the closure; accept demand deficiency, and give credit to pairs who argue it is a knock-on from the structural change. For H accept demand deficiency or cyclical, as the specification lists them together.

Task 3b, model answer: Mainly structural: the ferry jobs have gone and former staff lack the skills for the new jobs (cards A and E). Demand deficiency adds to it, as less spending in town cuts shop jobs (card D).

Answers: Task 4, Task 5 and exit ticket

Task 4a	Cause it mainly targets	Cost per expected job
A. Skills centre	Structural (skills)	$\text{£}6,000,000 / 800 = \text{£}7,500$ ($1,200 \times 2/3 = 800$)
B. New road link	Structural (where the jobs are)	$\text{£}36,000,000 / 1,200 = \text{£}30,000$
C. Seafront rebuild	Demand deficiency	$\text{£}10,000,000 / 500 = \text{£}20,000$

Task 4b, model answer: Strength: it creates 500 jobs quickly and the extra wages are spent in local shops. Weakness: the jobs last only two years and do not give people skills for the new jobs.

Task 5: indicative decision guidance

A well supported answer takes a position and uses figures. Example response (not a mark scheme): I would choose the skills centre. Unemployment rose from 5.0% to 8.0% mainly because of structural unemployment: former ferry workers lack the skills for the new jobs in care and IT. The centre targets this cause and costs £7,500 per expected job, far less than the seafront (£20,000) or the road (£30,000). Its jobs should last, unlike the seafront's two-year jobs. The main risk is that fewer than 2 in 3 trainees find work if local firms do not hire, so some short-term spending could help too.

Strong answers match the policy to the main cause of the town's unemployment, compare it with at least one other policy using figures and name a risk. Credit a reasoned case for policy C (fastest, supports demand) or B (lasting access to city jobs). Do not award a grade or percentage from these tasks.

Answers: exit ticket

a. $2,250 / 50,000 \times 100 = 4.5\%$. b. No. The student is economically inactive, because they are not looking for work.

Sources and limits

Curriculum source: Pearson Edexcel Level 3 Advanced GCE in Economics A specification, Issue 2, October 2016, Theme 2, section 2.1.3 (printed page 13), with 2.6.2 and 2.6.3 (printed pages 18 and 19). The specification verifies the topic scope only. The tasks, figures, timings and guidance are original TBS teaching design.