



Model Answer - Discuss the effectiveness of possible government policies to improve labour market flexibility (15)

One of the policies which could be used would be the government providing training to unemployed workers. This would mean that workers who have suffered from structural unemployment, for example unemployed coal miners, could be trained to undertake the new jobs needed, for example jobs in IT, solving occupational immobility of labour. This would mean that skills shortages would be filled and the jobs which are needed would be filled.

However, this policy would take time to work. For example, many of the coal miners may be older and not be familiar with IT so it would take a long time to train them to do these skilled jobs. Also, not every unemployed worker would be willing or able to be trained to do a new job. Some may feel demotivated due to losing the job they are used to doing, so may be reluctant to retrain.

Another policy would be to increase awareness of jobs in areas of low unemployment. For example, a jobs website could be set up and promoted in the North of England, where unemployment is high. This website could have details of jobs in the South of England, where businesses are struggling to fill their vacancies. This could mean that people move from the North to the South, meaning that workers move to where they are most needed and this could solve the problem of geographical immobility of labour.

However, this policy may not work as there are other reasons why people may not move to the areas where there are job vacancies. In areas of high unemployment, house prices tend to be low. Therefore, the unemployed people may not be able to afford to buy a house in the area where the jobs are. This may mean that, despite the fact that they are aware of the job and have the skills to do it, they would be unable to take the job.

In conclusion, I believe that training would be the best solution in the long run. In order to make this more effective, it could be done alongside reforming the benefits system to

make it compulsory for unemployed people to agree to training in order to claim benefits. However, in order to increase flexibility in the short run, information provision could be more effective. However, this would have been done alongside additional measures. For example, unemployed people could be given financial help to help with their removal costs when relocating to areas where jobs are available.

