

2002 HIGHER SCHOOL CERTIFICATE EXAMINATION
Economics

Section II (continued)

Marks

Question 22 (10 marks)

The table shows labour force and population information for a nation.

<i>Labour force data</i>	<i>Number of persons (million)</i>
Employed persons	9
Unemployed persons	1
Population of working age	16
Total population	20

- (a) Calculate the labour force unemployment rate for this nation. 1

..... 6.25%

- (b) Calculate the labour force participation rate for this nation. 1

..... $100 \div 16 = \text{ANS} \times 9$

..... 56.25% participation rate

Question 22 continues on page 12

Question 22 (continued)

(c) Explain ONE economic and ONE social cost created by unemployment. 4

- An Economic cost of unemployment is Social Security benifets which costs our country. also the Cost of Job Search and retraining Schemes operated by the government to retrain and further educate the unemployed.
- A social cost can be the personal distress felt by the unemployed. unemployment can lead to boredom and sometimes criminal activity for personal gain and drug or Alcohol Abuse. These things also lead to economic Costs for the Nation.

(d) Explain how TWO economic policies could be used by the Australian Government to reduce the level of unemployment. 4

By using the FISCAL policy the government is able to redistribute income

End of Question 22