Economics

Section II (continued)

Marks

Question 22 (10 marks)

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

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

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

........*6..25 million*...

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

........*62.5 million*...

....

Question 22 (continued)

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

One economic cost is that the government is those to spend more of their expenditure on unemployment benefits when they could be placing these expenses on other resources or issues prevalent in the economy.

A social cost of unemployment is that unemployment causes boredom, which furthermore adds to our crime levels. Then the expenses placed into fixing these problems could, likewise, be placed in other resources

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

If the government reduced unemployment benefits this would increase the incentive to work as those people who are unemployed would need to work to compensate for the money that the government cut.

The government could also increase spending on training and education for the workforce which would allow for more employed people as they would be considered 'employable' that by businesses and firms, due to their training

End of Question 22

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