

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

~~10%~~ 10%  
.....

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

10 million people  
.....  
.....

Question 22 continues on page 12

Question 22 (continued)

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

Economic Cost - Unemployment creates a lower allocation of resources. This is due to the transfer payments they get when that money could be used for investment

Social Cost - Unemployment creates a larger inequality in income and thus creating famine and poverty.

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

The work for doll scheme has made it so when people are unemployed and want to get the doll, they have to do community work, thus giving them skills to enter the workforce.

The Australian Government could reduce inflation, thus meaning more demand for workers, thus reducing the level of unemployment.

End of Question 22