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. 10% **1**

$$\frac{\text{unemployed ppl}}{\text{labour force}} = \frac{1\,000\,000}{10\,000\,000} = \cancel{\%}$$

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

$$\text{Participation} = \frac{\text{labour force}}{\text{tot'l popn }15+} - \frac{10\,000\,000}{16\,000\,000}$$

$$= 62.5\%$$

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Question 22 (continued)

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

An economic cost of unemployment
is not all resources are being
fully used so the highest
possible level of economic
growth cannot be reached
A social cost of unemployment
is ∧ Poverty. ~~Poverty~~ Relitue Poverty
developes because the unemployed
do not have the same
access to funds that
the employed people have

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

A policy the government could
~~use~~ use to reduce unemployment
is retraining. By retraining structural
and hard core unemployed they
would become employable and
therefore reduce the unemployment
~~levels~~. The government could also
make it easier for ~~p~~ employer
to employ more employees ~~eth~~ thruh
possible tax incentives and
even through removing legislation
that may make employer consider
not employing people.

End of Question 22

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