

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

..... $\frac{1}{16} \times 100 = 6.25\%$

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

..... $\frac{9}{16} \times 100 = 56.25\%$

.....

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Question 22 (continued)

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

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Social - Persons unemployed may suffer inequality, they may not be able to afford essential products for day to day living (food, clothing) which will cause other social problems such as crime (people will steal food and clothes).

Economic - Increased taxes because more people will be collecting welfare money.

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

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1. Monetary benefits to unemployed people who participate in training which will aid them in getting a job.

2. Increase tax free threshold to encourage more unemployed people to seek work.

End of Question 22