

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% .....

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

..... 62.5% .....

Question 22 continues on page 12

## Question 22 (continued)

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

4

A social cost created by unemployment is that it ~~costs~~ creates lower living standards, lower levels of education and can lead to suicide and marriage breakups.

An economic cost of unemployment is that it decreases economic growth and costs to ~~get~~ in welfare payments.

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

4

By bringing equity in income distribution and wealth. This action would bring together the rich and the poor and improve living standards and economic growth.

~~Reduce~~ The government could get the unemployed to work ~~on~~ for the environment. This would improve this policy while slashing unemployment rates.

End of Question 22