

Section IV — Answer either Question 27 or Question 28

28

Write the question number in the space provided

Question Number

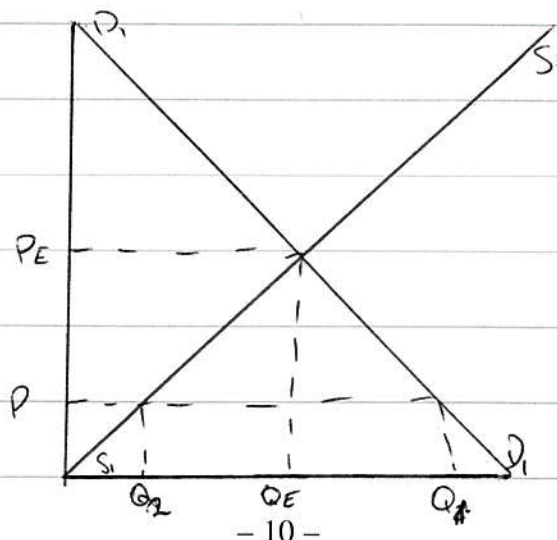
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Sample 1 Question 28

The Causes of unemployment and its effects on the Australian economy can happen through many different areas and aspects. Unemployment has many different types like seasonal, structural, frictional etc. These have many causes & effects which can take major effect on the Australian economy.

Seasonal unemployment can take effect any time of the year. eg Shearer, fruit picker, snow ski instructor. This type of unemployment can affect the Australian economy by ruining farmers each year for a certain period of the time. Unemployment can be shown in a diagram of aggregate supply and demand, just like the following.



initially Demand is at  $D_1$  and Supply is at  $S_1$ . Equilibrium is shown by PE. The Price is at  $P$  which has a quantity of  $Q_1$ . This trans into Demand and supply decreasing from  $Q_1$  to  $Q_2$ . during this period is where seasonal unemployment starts.

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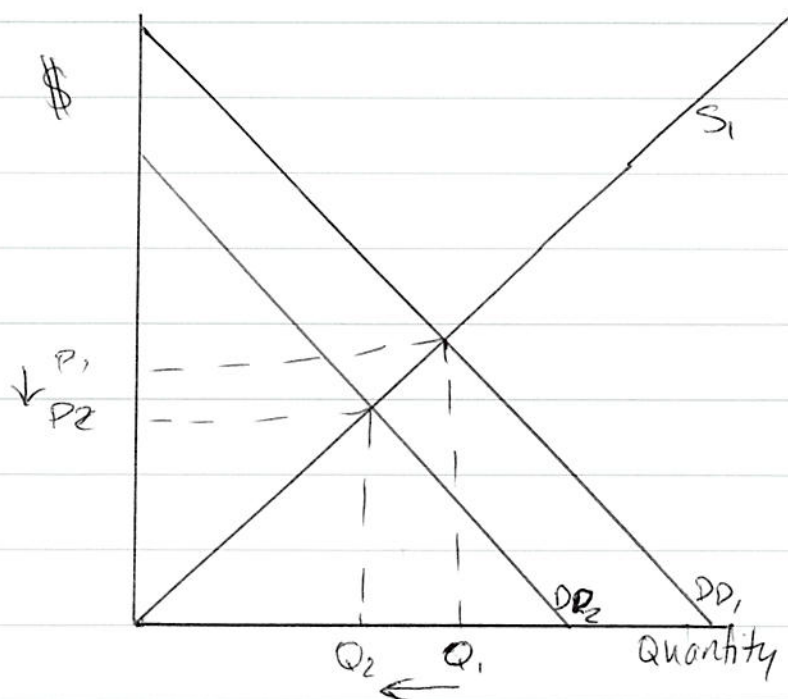
unemployment has a major role in an Australian economy. if this manages to get extremely high unemployment then the government want receive tax or revenues from workers. The unemployment in 2013 in Australia is at 2.0%. This isn't too bad but most of that is created by the manufacturing sector which is going down very fast. Ford Motor Company is a major example. Ford has decided to take its plants back to the US. That's good for the US but bad for the thousands of workers that work there and have no other experience.

if this happens sooner then the Australian government will have to pay for the workers to get experience in something else.

Ford motor company to have just announced that they are staying committed to Australia's biggest motor sport series the US Supercars. This could be a good thing for Australia. If Ford stays then Australians can still purchase their cars.

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In Demand and Supply the unemployment rate can be worked out by the following formula:  $\frac{\text{Part-time} + \text{full-time}}{\text{Participation rate}} \times 100$ . The following diagram can also show how the unemployment rate works.



Initially Demand is at  $DD_1$  and supply is at  $S_1$ . As Demand decreases supply decreases which gives a new formula of  $Q_2 - Q_1$ . We also receive a new price of  $P_2$

and quantity goes to 92. This shows that the unemployment has declined and demand and supply for these products have declined as well.

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To conclude unemployment has a major effect on the Australian economy. Causes of unemployment play a part as well and can cause an economy to become more unactive than normal. An economy has many factors that include unemployment.