

Section IV — Answer either Question 27 or Question 28

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Write the question number in the space provided

Question Number

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Sample 1 Question 28

Unemployment is one of the main issues ~~focused~~ faced by the Australian government which is caused by many factors with ~~the~~ both the domestic and global economy. The Aus govt. aims to maintain the level of unemployment to ~~the~~ the non-accelerating inflation rate of unemployment (NAIRU), which is the unemployment rate at which cyclical unemployment is zero and inflation is constant. For Aus, NAIRU is around 5-6%. The main types of unemployment are cyclical, structural and frictional employment and they all have negative effects on the Australian economy.

Cyclical unemployment is influenced by ^{the} Australian economy's position on the business cycle. During a recession, demand would be at its lowest income and ^{economic activity} will be low, therefore there is a decrease in demand for employment, causing cyclical unemployment. NAIRU occurs when cyclical unemployment equals to zero. Therefore the government utilises its

policies in order to minimise cyclical unemployment to achieve ~~the~~ its economic objective of full employment.

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Structural unemployment is another major type of unemployment within Australia. This occurs when the government implements micro economic reforms (MER), MERs usually ~~lead~~ lead to job shedding as it is the easiest way to cut production costs, which ~~causes~~ ^{causes} higher unemployment. MERs also ~~lead~~ tend to move towards more capital intensive production in order to achieve a higher productivity and efficiency. As a result ~~worker~~ those ~~unemployed~~ unemployed may not have the skills required to work in these ~~new~~ ~~sectors~~ jobs. However, structural unemployment is temporary as the government spends significant amounts of money on the training programs which provide those unemployed the skills to find a job. Thus structural unemployment is not a major issue within Australia.

Other forms of unemployment include frictional, hidden and seasonal unemployment. Frictional

Unemployment occurs when one is in the middle of changing ~~empt~~ jobs. As ~~the~~ a result, like structural unemployment it is not a main area of concern. Hidden unemployment occurs when workers are discouraged as they don't think there are jobs ~~its~~ available for them. Seasonal unemployment occurs in jobs that are only available during certain seasons e.g. water theme park worker or apple picker. Thus, it is evident ~~that~~ that there are many factors that cause unemployment.

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Unemployment can also occur due to unfair discrimination. A large proportion of those unemployed are ~~you~~ children of working age (25 years +) who are searching for a job but are unable to acquire one due to their lack of experience and age. Women are more ~~likely~~ ^{less} ~~to be~~ likely to be employed than men as they have future obligations if they were to start a family. Migrants who ~~are~~ ~~not~~ are unable to speak English, ^{are} also ~~the~~ significantly discriminated against. Indigenous Australians suffer from unemployment as they usually lack the skills required. and

like in rural areas. Thus it is evident that causes of unemployment are also due to discriminatory factors.

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All these forms of unemployment have a negative effect on the Australian economy. With unemployment comes the loss of output of the economy and income earned by the worker. This leads to a ~~potential~~ loss of potential economic growth. While workers are unemployed, they lose their skills, especially if the government implements MERS, causing structural change in the economy. Thus the government needs to spend significant amounts of money to retrain workers.

This is seen in the 2013-14 budget in the 'plan for Australian jobs' which aims to encourage innovation and improve training of workers. The government must also provide social welfare in order to support those that are ~~not~~ unemployed.

The unemployment rate is currently 5.6% and is projected to increase. Due to ~~the~~ this, the Australian govt has increased ~~the~~ spending on welfare payments ~~to the~~ by 4.3% especially focusing

on the unemployed. The money used to pay for retraining and ^{social} welfare could potentially be used for other economic and social infrastructure to ~~meet~~ ^{meet} the other objectives. Thus this has a negative impact on an economy's economic development. Unemployment can lead to an ^{divide} ~~integration~~ between social classes, causing social tension. It ~~is~~ also leads to higher rates of ~~the~~ violence and crime. Unemployment ~~is~~ also increases family tensions and breakups. Thus unemployment evidently has a significant impact on Australia.

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The unemployment results ~~from a variety of~~ from changes in the economic performance of Australia, the ^{requirement of new} skills and several social factors. As a result, it decreases the productive capacity, economic performance, and economic development within Australia. Due to this negative effect, the government ~~aims to~~ spends significant amounts of money to retrain workers and provide social welfare.

* In order to prevent these social issues, the government must provide social welfare and retraining.