



The unemployment rate fell to 4.5% in Quarter 3 2024 from 4.7%, new figures the Central Statistics Office show today.

Adapted from RTÉ.ie

(a) (i) Explain the term unemployment.

(ii) State one other measure of unemployment other than the labour force survey shown above. Explain **two** reasons why one of these methods is a more accurate measure of unemployment?

Measure:
Reason 1:
Reason 2:

Solution:

(a) (i) Unemployment is all those seeking work at existing wage rates and unable to find work.

(ii) The Live Register.

The Labour Force Survey is more accurate as it excludes those;

- Who legally work part time and sign on
- Engaged in the black shadow economy
- Who are not seeking employment.

(b) (i) Full employment is all those members of the labour force seeking work who are working at existing wage rates.

(ii) **Advantages:**

Increased standard of living

Increase in tax revenues & decrease in social welfare payments

Increased aggregate demand

Increased investment

Disadvantages:

Possible labour shortages

Inflationary pressures

Pressure on the state's infrastructure.

(iii) Encourage entrepreneurship - Continued assistance and grants from Local Enterprise Offices (LEO's) aid start up business and encourage entrepreneurs to build new enterprises and create employment

Decrease taxation - Reducing indirect tax (VAT) and direct tax (PAYE), gives people more disposable income which increases demand in the economy leading to more employment

Sustain a low rate of corporation tax - Maintaining the 12.5% rate of corporation tax is helpful for Irish businesses in expanding but also for attracting foreign direct investment (FDI).

Invest in education and training - As people become more educated, they can make and sell more innovative products - which is attractive for potential employers

Capital investment by the government - By investing in projects that improve our infrastructure e.g. motorways, public transport and broadband the government creates employment in construction and makes it easier for businesses

Encourage consumption of Irish goods - Any campaign that encourages import substitution maintains existing jobs and has the potential to create new employment.

- (c) (i) The supply of labour in the economy is the total number of hours worked in the economy during a specific period.
- (ii) The minimum wage is the lowest amount of money an employee can be paid per hour by law.
- (iii) Size of population - The larger the population, the greater the labour force and the greater the supply of labour

Levels of income tax - Lower tax rates encourage people to join the workforce and this increases the supply of labour in the economy

Number of hours worked - The longer the working week, the greater the supply of labour. If the working week is 30 hours a week and this increases to 35 hours this will increase the supply of labour

Labour mobility - Workforce now more mobile with fewer barriers preventing the mobility of labour (EU).