

Full Employment

Use the QR to view the 'Full Employment' Explainer, then answer the questions below.



rba.gov.au/education/resources/explainers

What is full employment?

1. Define full employment.

2. Full employment means that the unemployment rate is zero.

- True
- False

3. Define the following types of unemployment:

- Cyclical unemployment

- Structural unemployment

- Frictional unemployment

4. Which types of unemployment are typically present or absent at full employment?

Type of unemployment	Present	Absent
Cyclical	<input type="checkbox"/>	<input type="checkbox"/>
Structural	<input type="checkbox"/>	<input type="checkbox"/>
Frictional	<input type="checkbox"/>	<input type="checkbox"/>

Why is employment important?

5. Employment brings many benefits to individuals and an economy.
For example, individuals can earn an income and build their skills.

What are the benefits to society of having people in jobs?

How do we measure full employment?

6. Full employment can be measured by one single statistic.

- True
- False

7. Labour demand and labour supply are two important concepts in considering full employment.

i.) Which of the following best describes **labour supply**?

- The number of people in the working age population
- The number of workers that firms are willing and able to hire
- The number of businesses in the economy
- The number of people that are willing and able to work

ii.) Which of the following best describes **labour demand**?

- The number of people in the working age population
- The number of workers that firms are willing and able to hire
- The number of businesses in the economy
- The number of people that are willing and able to work

8. What do the following indicators tell us about the state of the labour market in the economy?

Labour market indicators

Underemployment rate	
Job ads, job vacancies, business hiring intentions	
Participation rates	

9. The Monetary Policy Board looks at a range of labour market indicators to understand how close the labour market is to full employment.

- True
- False

How does the RBA support full employment?

10. The RBA has a dual mandate (two closely connected goals).

List these two goals and the tool the RBA uses to achieve them.

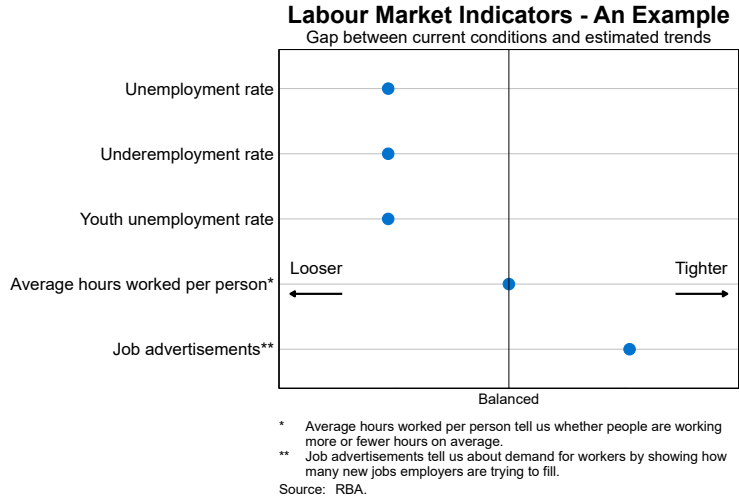
14. The following graphs represent labour markets for Economy A and B.

For each graph:

Describe the balance of the labour market – would it be loose, balanced or tight? Provide a reason for your answer.

HINT: each indicator is one piece of the puzzle. Try and connect the pieces to get an overall sense – what do the majority of indicators suggest?

Economy A:



Economy B:

