

# Question 3 Macroeconomics 2018

3A

ANSWER PAGE FOR QUESTION 3

a)	Consumer	Capital	(Inputs)
x	$1/2 = 1/2$	$2/1 = 2$	
y	$2/4 = 1/2$	$4/2 = 2$	

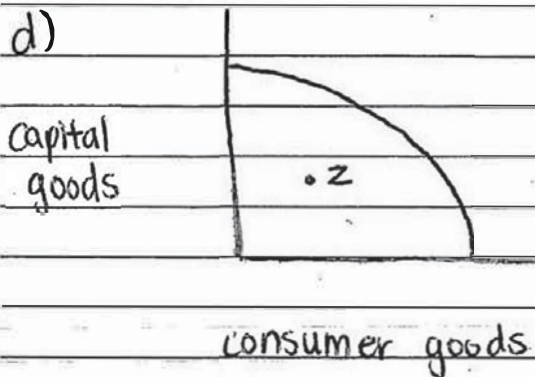
Neither country has comparative advantage in production of consumer goods since both country's opportunity cost for producing consumer goods are the same.

b) Unemployment  $\times 100$        $10\ 000 + 5000 + 5000 = 20\ 000$   
 Labour force                       $180\ 000 + 20\ 000 = 200\ 000$

$$\frac{20\ 000}{200\ 000} = 10 \times 100 = 10\% \text{ unemployment rate}$$

c) Labour force  $\times 100$        $20\ 000 + 180\ 000 = 200\ 000$   
 population                       $100\ 000 + 200\ 000 = 300\ 000$

$$\frac{200\ 000}{300\ 000} = 66.67 \times 100 = 66.67\% \text{ labor force participation rate}$$



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