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| **Kingdom of Saudi Arabia**  **Ministry of Education**  **Saudi Electronic University** | A picture containing text, outdoor, sign  Description automatically generated | **المملكة العربية السعودية**  **وزارة التعليم**  **الجامعة السعودية الإلكترونية** |

**College of Administrative and Financial Sciences**

**Assignment 1**

**Macroeconomics (ECON 201)**

**Release Date is 18/09/2022**

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| Course Name: **Macroeconomics** | Student’s Name: |
| Course Code: **ECON201** | Student’s ID Number: |
| Semester: **Ist** | CRN: |
| **Academic Year:2022-23-Ist** | |
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**For Instructor’s Use only**

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| Instructor’s Name: Dr. Alam Ahmad | |
| Students’ Grade: **/10** | Level of Marks: High/Middle/Low |

**General Instructions – PLEASE READ THEM CAREFULLY**

* The Assignment must be submitted on Blackboard (**WORD format only**) via allocated folder.
* The due date for Assignment 1 is by the End of Week 6 (08/10/2022)
* Assignments submitted through email will not be accepted.
* Students are advised to make their work clear and well presented, marks may be reduced for poor presentation. This includes filling your information on the cover page.
* Students must mention the question number clearly in their answers.
* Late submission will NOT be accepted.
* Avoid plagiarism, the work should be in your own words, copying from students or other resources without proper referencing will result in ZERO marks. No exceptions.
* All answers must be typed using **Times New Roman (size 12, double-spaced)** font. No pictures containing text will be accepted and will be considered plagiarism).
* Submissions without this cover page will NOT be accepted.

**Assignment 1 Questions: Week 2 & Week 3**

**Case Study:1 (5 Marks)**

Please read the case “**The Minimum Wage**” from Chapter 6 “Supply, Demand, and Government Policies” **Page: - 117**given in your textbook **– “Principles of Macroeconomics”.**  A case study discusses the **federal minimum-wage law.**

**Questions: 1**

* 1. Suppose the minimum wage is above the equilibrium wage in the market for unskilled labor. Using a supply and-demand diagram of the market for unskilled labor, show the market wage, the number of workers who are employed, and the number of workers who are unemployed. Also show the total wage payments to unskilled workers. (100 – 150 words – 1.25 point)
  2. Now suppose the secretary of labor proposes an increase in the minimum wage. What effect would this increase have on employment? Does the change in employment depend on the elasticity of demand, the elasticity of supply, both elasticities, or neither? (100 – 150 words – 1.25 point)

* 1. What effect would this increase in the minimum wage have on unemployment? Does the change in unemployment depend on the elasticity of demand, the elasticity of supply, both elasticities, or neither? (100 – 150 words – 1.25 point)
  2. If the demand for unskilled labor were inelastic, would the proposed increase in the minimum wage raise or lower total wage payments to unskilled workers? Would your answer change if the demand for unskilled labor were elastic? (100 – 150 words – 1.25 point)

**Important Note: -** Support your submission with course material concepts, principles, and theories from the textbook.

**Questions: 2 (5 Marks)**

1. Should a nation tend to export or import goods for which it has a comparative advantage? Explain. Why do economists oppose policies that restrict trade among nations? **(Minimum 500 words).** **(2.5 Marks)**
2. Maria can read 80 pages of economics in an hour. She can also read 40 pages of sociology in an hour. She spends 6 hours per day studying. **(2.5 Marks)**
3. Draw Maria’s production possibilities frontier for reading economics and sociology.
4. What is Maria’s opportunity cost of reading 120 pages of sociology?

**Answer:**