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Department of CIS
Course Title: Economics
Course Code:ECO314
Quiz 1
Marks: 15
Duration: 30 minutes

Question 1.

a) Differentiate between microeconomics and macroeconomics based on their primary variables of study and scope of analysis. (4 Marks)

b) Analyze the statements below and categorize each as either positive or normative economics, justifying your answer: (2 Marks)

- "An increase in the minimum wage causes a 2% rise in youth unemployment."
- "The government ought to provide free healthcare to all low-income households."

c) Differentiate between points that lie inside, on, and outside a Production Possibility Curve in terms of resource utilization and efficiency. (7 Marks)

Question 2.

a) Differentiate between points that lie inside, on, and outside a Production Possibility Curve in terms of resource utilization and efficiency. (7 Marks)

b) Classify each of the following statements as either positive or normative, and briefly justify your reasoning: (3 Marks)

- "Increasing the national minimum wage to $15 per hour will increase the unemployment rate among low-skilled workers by 3%."
- "The government ought to increase the minimum wage because no full-time worker should live in poverty."

c) Explain the four factors of production used in an economy, and state the specific economic return (income) earned by each factor. (3 Marks)