

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)

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