

## Economics Assignments

### Assignment No. 1

1. Please write a brief but complete answer to the following questions:
  - a. How is economics like a science?
  - b. Why is economics a “social” science?
  - c. Why do economists sometimes offer conflicting advice to policymakers?
  - d. Should an economic model describe reality exactly?
  
2. Discuss each of the following statements from the standpoints of equity and efficiency.
  - a. “Everyone in society should be guaranteed the best health care possible.”
  - b. “When workers are laid off, they should be able to collect unemployment benefits until they find a new job.”
  
3. Classify each of the following statements as positive or normative. Explain.
  - a. Society faces a short-run tradeoff between inflation and unemployment.
  - b. In a market, when quantity supplied exceeds quantity demanded, price tends to fall.
  - c. When determining tax rates, the government should take into account the income needs of individuals.
  - d. The Federal Reserve should reduce the rate of growth of money.
  - e. Lower tax rates encourage more work and more saving.
  
4. Classify the following topics as relating to microeconomics or macroeconomics.
  - a. A family’s decision about how much income spend in food
  - b. The effect of government regulations on auto emission
  - c. The impact of higher public saving on economic growth
  - d. A monopolist’s decision about how many units to sell
  - e. The relationship between the inflation rate and the unemployment rate
  
5. STATA exercise: After reading the paper by Gwartney, J. and C. Haworth, “Employer costs and discrimination: The case of baseball” use the file Dataset1.dta, to do the following:
  - a. Create summary statistics for the three variables Black47, Black52 and Won.
  - b. Create a graph with Won on the vertical axis and Black47 on the horizontal axis.
  - c. Run a simple regression with Won as the dependent variable and Black47 as the independent variable.
    - i. What percent of the total variation in the variable Won is explained by Black47?
    - ii. What is the impact of an additional black player year on the percentage of games won?
    - iii. Test the null hypothesis that Black47 has a zero effect on the percentage of games won using a 5% level of significance.
  - d. Add the predicted regression line to the graph you drew earlier.