

Assignment example

[Literature](#), [Russian Literature](#)



Calculation of real GDP GDP evaluates the economic growth of a country. For the real GDP of a country to double, the rule of 70 applies. This rule figures out the amount of time in years that it takes for the GDP of a country to double. The number of years taken for the GDP to double = 70 divided by growth rate. (a) If the growth rate of China is 8%, the GDP will double after $(70 / 8)$ years. That is 8.75 years. (b) If the growth rate of Brazil is 5%, the real GDP will double after $(70 / 5)$ years. That is 14 years.

Effect of relaxed immigration laws on the labor demand and supply curve. The labor market is a factor market. This implies that the market provides employers with the convenience of choosing the type of labor they require. It also means that many people offer their labor services to various kinds of jobs. The labor supply and labor demand is influenced by the events occurring in the various national, regional and global economies and markets. A more relaxed immigration policy has definite adverse effects on the labor market of a country. In situations where a country has deficiency of skilled workers, the country may be obliged to relax its laws concerning immigration for the services to be delivered. Such professions include nursing, teaching and consultancy to some extent. These laws insert downward pressure on the real wages. This pressure arises due to the filling of the vacancies in particular industrial occupations. Migration leads to the boost of labor productivity hence increasing the productivity of labor. This shifts the aggregate supply of labor outwards. This phenomenon is illustrated in the figure below.

C. Technology shock by introduction of cell phones in the developing countries. The graph above illustrates the effect of cell phones on the nation's production function. The introduction of technology causes the

existing production function to shift upwards. Cell phones increase the efficiency levels of production. It encourages easier movement of resources and communication, as contrary realized in the earlier years of slow development in developing countries. The introduction of the cell phone technology has impact on the individual and national GDP if the employment levels remain unchanged. Technology substitutes the work force by providing faster machines, thereby increasing unemployment. This causes the national economy economic growth to decrease, thus the individual GDP decreases too. The productivity rises in case of introduction of technology. Productivity is measured by increased amounts of output, the betterment of citizen's living standard and industrialization. The neoclassical uses the following production function to define the growth process. $Y = AF(K, L)$. When the savings factor is introduced, the savings function sY is substituted in the equation. This condition is necessary for steady equilibrium when the income per capita keeps constant even when the labor force is growing. An increase in savings shifts the supply curve higher. The impact of International trade on domestic markets. The exemption of International trade implies that the price of sugar in the domestic US market will exceed the world price. This means that, at producing sugar, the world enjoys a comparative advantage over the US. The sugar prices in the United States falls against the world price. The consumers of sugar in the US buy more sugar because the fall of prices enables them to enjoy more utility while maintaining the same budget. The producers of sugar in the US will produce less sugar. The production of less sugar by the producers will limit the supply of sugar in the market, hence increasing the demand by the consumers. This

will eventually push the prices of the commodity up. The impact of the producers of sugar to produce less sugar will prompt the US economy to import sugar. This imported sugar will cater for the excess demand of the commodity by the US consumers. With the absence of international trade, the price of steel in the domestic Indian market will fall below the world price. This implies that India enjoys a comparative advantage over the rest over the world at the production of steel. The introduction of international trade will impact the price of steel in India. In comparison to the world price, the price of steel in the Indian market will rise. Millers of steel in India increase the quantity of their production. The production of more steel will imply that its supply rises. The rise in supply implies that the quantity of steel bought in the Indian market decreases. India exports more steel to the rest of the world.

Consumer and Producer Surplus The area above the price line but underneath the demand curve is the consumer surplus. The area that is above the supply curve but underneath the price curve is the producer surplus. Dead weight loss refers to the loss of efficiency that is attributed to a situation whereby the equilibrium price and supply of a service or good is not achieved.

References Duarte, Pedro Garcia.

Microfoundations Reconsidered: The Relationship of Micro and Macroeconomics in Historical Perspective. Cheltenham, Glos, UK: Edward Elgar, 2012.