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ECO201: Macroeconomics: NA/NLS

Write a short essay (one to three paragraphs each) for the following questions.

1. What are the three reasons that the division of labor increases productivity in an economy?

The three reasons that division of labor increases productivity in an economy is because it allows workers to focus on a production where they have their advantage, It allows specialized workers to learn to produce more quickly and with higher quality and it also allows economic agents to take advantage of economies sake.

2. What are the three major categories of economic trade-offs that people face in the course of life?

Three major categories of economic trade-offs that people face in the course of life are how people make decisions, what you give up to get, and their interactions with people. There's also the price rise when the government prints too much money and the lead to short-run off-trade then unemployment.

3. In the budget constraint model of how people make economic choices, why do people make choices that lie on the budget constraint, not inside or outside the constraint?

People make choices that lie on the budget constraint, not inside or outside the constraint because they want to make sure that they get the most income out of the trade. It's like using tactics to out win the trade and possibly make most of the profit if not all.