



AUB American
University
of Beirut

الجامعة الأميركية في بيروت

**MIDTERM EXAM
SEMESTER ONE
OCTOBER 2018**

**COURSE CODE: ECON 222
COURSE NAME: LABOR ECONOMICS**

**DATE: 27/10/2018
TIME: 10:30-11:30
ROOM: NICELY 412**

**This is a CLOSED/book Exam
Time Allowed: 1 hour**

**PLEASE DO NOT TURN OVER THIS PAGE UNTIL
INSTRUCTED TO DO SO BY YOUR INSTRUCTOR**

Answer ALL following FOUR questions. Each question should take 15 minutes to complete. *[It is recommended that you spend 5 minutes reading and preparing each question.]*

Good luck!

Q1. Explain why the labor supply curve is backward bending. Is this the reason why some people decide not to participate in the labor market?

Q2. Do immigrants reduce the wage and employment probability of native workers? Your answer should refer both to empirical evidence and contemporary immigration policy.

Q3. How the introduction of minimum wage result in positive employment effect?

Q4. Explain why is the short-run demand curve for labor less elastic than the long-run demand curve?

End of Midterm Exam