ECO 102 Assignment 2

Due date: August 12 @ 11:59 pm

Instructions:

- You **MUST** digitize and upload your work and solution on **Quercus** and complete your uploads before the due time.
- Name your submitted file in the following format: student number_last name. You may add _1, _2, etc., after that naming format if you submit multiple files.
- Support your conclusion and final answers with necessary derivations and/or explanations. Feel free to make reasonable assumptions you deem necessary.
- It is strongly suggested that you start your upload process at least 15 minutes before the due time to avoid potential technical issues.

Question 1 [5 marks]

The diagram below summarizes the actual unemployment and the natural rate of unemployment (equilibrium unemployment rate). Note: the natural rate of unemployment is the rate of