

Problem Set #2 Demand/Supply and Market Systems

Name: _____ Period: _____

Date: _____

The city of Chicago has mandated a minimum wage scale for restaurant workers that is higher than that required in the suburbs. The wage Chicago requires restaurants to pay employees is 30% higher than required elsewhere in the metropolitan area.

- a. Predict the effect this requirement will have on the demand for labor in Chicago; in the suburbs. Explain your answer.
- b. Predict the effect this requirement will have on the supply for labor in Chicago; in the suburbs. Explain your answer.
- c. Predict the impact on food prices this legislation will have in Chicago; in the suburbs. Explain your answer.
- d. Describe the opportunity costs for prospective employees for choosing to work in Chicago versus the suburbs by formulating a calculation for the cost including variables involved in the situation.
- e. Where are you more likely to get a job? Why?

a. Prediction: _____
Why: _____

b. Prediction: _____
Why: _____

c. Prediction: _____
Why: _____

d. Opportunity Cost
Calculation:
Variables: 1. _____, 2. _____, 3. _____

e. Employment Opportunities? Why? (*Complete on back as necessary*)