Solution will be posted on Monday September 27.

1. Obtain the comparative statics results for $\frac{dw}{dz}$, and $\frac{dY}{dz}$, and provide economic explanations to your results. What you have to do here is, for each term, obtain an algebraic expression, determine its sign, and provide an economic explanation. Note that you are not asked explicitly to find $\frac{dl}{dz}$, but you will need that result to find $\frac{dw}{dz}$.


Additional instruction for question 7:

(ii). Demonstrate your answers to parts (a) and (b) with a diagram.