

# Microeconomics

## Review Questions Exam II

1. What are the three basic consumer behavior assumptions?
2. What is utility? Average utility? Marginal utility?
3. How does utility vary with consumption?
4. What is the effect of income on consumption using utility?
5. What is the effect of substitute and complementary good prices using utility concepts?

Using the Marginal Utility approach:

6. At a given income, how many items will be purchased?
7. What is the MU/P ratio?
8. For a change in price, how many new items will be purchased?
9. For a change in income, how many new items will be purchased?
10. What is the type of good (normal, substitute, complementary) for a change in prices or income?

Using the Indifference Curve approach:

11. Calculate income.
12. Calculate price.
13. Calculate consumption.
14. Determine the slope of the budget line or marginal rate of substitution.
15. Determine the type of good (income, substitute, complementary).
  
16. What is a production function? What are the three major types of inputs?
17. What are total, average, and marginal product? How are they calculated?
18. What are total costs, fixed costs, and variable costs? How are they calculated?
19. What are average costs, average fixed costs, marginal costs, and average variable costs? How are they calculated?
20. What are total, average, and marginal revenue? How are they calculated?
  
21. Graphically, at which quantity does a firm maximize profit or minimize loss?
22. Graphically, at a given quantity, what is the total revenue? Marginal revenue?
23. Graphically, at a given quantity, what are the average or total; fixed or variable costs? Marginal costs?
24. Graphically, at a given quantity, what is the profit or loss?
25. Graphically, at a given quantity, what is the contribution margin or return on sales?
  
26. Given a break-even problem: What is the average variable cost and total fixed cost?
27. Given a break-even problem: What is the break-even quantity (units or dollars)?
28. Given a break-even problem: What is the contribution margin, in both dollars and percent?
29. Given a break-even problem: What is the sales in dollars, needed to generate a given return on sales?
30. Given a break-even problem: Given a quantity, what is the profit? Break-even price? Sales per employee?