

Microeconomics

Review Questions Exam IV

1. What are the differences among the various types of factors?
2. How does the product market structure impact the demand for factors?
3. How does the factor market structure impact the supply of factors?
4. What is the general rule for the optimization of factor inputs?
5. What is marginal revenue product (MRP) and how is it determined?

6. What is marginal factor cost (MFC)?
7. What is the difference between MRP and VMP?
8. What is MFC?
9. What are the assumptions of a competitive factor market?
10. What are the assumptions of a monopolistic factor market?

Labor

11. What are the major assumptions concerning the nature of labor in a competitive labor market?
12. What determines the demand for labor?
13. What affects the productivity of labor?
14. How does a substitute factor's price affect demand for labor?
15. What other considerations affect labor demand?

16. What determines the supply of labor?
17. What determines the work supply decision?
18. How does a change in wages affect the leisure decision?
19. How does a change in wages affect the work decision?
20. How does capital affect labor productivity and employment?

Capital

21. What are the major assumptions behind the capital markets?
22. What determines the demand for capital?
23. What affects the productivity of capital?
24. How does a substitute factor's price affect demand for capital?
25. What determines the supply of capital?

26. What is the impact of income on capital demand and supply?
27. What is the impact of interest rates on capital demand and supply?
28. What is the impact of risk on capital demand and supply?
29. What is capital budgeting? What are the major procedures?
30. What are the assumptions behind NPV and IRR?