**Quizk Quiz – MRP 12a**

18. A profit-maximizing firm employs resources to the point where:
A. MRC = MP.
B. Resource price equals product price.
C. MRP = MRC.
D. MP = product price.

 Answer the question on the basis of the following information: Harry owns a barber shop and charges $6 per haircut. By hiring one barber at $10 per hour the shop can provide 24 haircuts per 8-hour day. By hiring a second barber at the same wage rate the shop can now provide a total of 42 haircuts per day.

19. Refer to the above information. The MP of the second barber is:
A. $240.
B. $108.
C. 18 haircuts.
D. 42 haircuts.

20. Refer to the above information. The MRP of the second barber is:
A. 18 haircuts.
B. $108.
C. 42 haircuts.
D. $126.

21. Refer to the above information. Harry should:
A. hire the second barber because he will add $28 to profits.
B. hire the second barber because he will add $108 to profits.
C. not hire the second barber because he is less productive than the first barber.
D. not hire the second barber because he will diminish profits.

22. The general rule for hiring any input (say, labor) in the profit-maximizing amount is MRC = MRP. This rule takes the special form *W* = MRP (where *W* is the wage rate) when the:
A. labor supply curve is upsloping.
B. supply of labor is inelastic.
C. firm is hiring labor under purely competitive conditions.
D. firm is hiring labor under imperfectly competitive conditions.Answer the question on the basis of the following information for Manfred's Shoe Shine Parlor. Assume Manfred hires labor, its only variable input, under purely competitive conditions. Shoe shines are also sold competitively.
 

23. Refer to the above data. How many units of output are produced when 2 workers are employed?
A. 4
B. 16
C. 24
D. 10

24. Refer to the above data. What is the marginal product of the sixth worker?
A. 2 units
B. 3 units
C. 4 units
D. 5 units

25. Refer to the above data. At what price does each shoe shine sell?
A. $1
B. $2
C. $3
D. $2.50

26. Refer to the above data. If the wage rate is $11, how many workers will Manfred hire to maximize profits?
A. 1
B. 2
C. 3
D. 5

27. Refer to the above data. If the wage rate is $11 and Manfred's only fixed input is capital, the total cost of which is $30, then what will be his economic profit?
A. $62
B. $42
C. $28
D. $32

  

 54. Refer to the above graph. A move from *b* to *a* along labor demand curve *D*1 would result from:
A. a decrease in the price of a substitute resource, assuming that the substitution effect exceeds the output effect.
B. an increase in the wage rate.
C. a decrease in the wage rate.
D. an increase in the demand for the product that this labor is helping to produce.

55. Refer to the above graph. Each of the three labor demand curves shown slopes downward because of the:
A. law of diminishing marginal utility.
B. law of increasing opportunity costs.
C. principal-agent problem.
D. law of diminishing returns.

56. Refer to the above graph. Other things equal, an increase in labor productivity would cause a:
A. move from *a* to *b* on *D*1.
B. shift from *D*2 to *D*3.
C. shift from *D*3 to *D*2.
D. move from *b* to *a* on *D*1.

57. Refer to the above graph. Other things equal, an increase in the price of a complementary resource would cause a:
A. move from *a* to *b* on *D*1.
B. shift from *D*2 to *D*3.
C. shift from *D*3 to *D*2.
D. move from *b* to *a* on *D*1.

58. Refer to the above graph. Other things equal, a decrease in the price of a substitute resource would cause a:
A. move from *a* to *b* on *D*1.
B. shift from *D*2 to *D*3 assuming the output effect exceeds the substitution effect.
C. shift from *D*3 to *D*2 assuming the output effect exceeds the substitution effect.
D. move from *b* to *a* on *D*1.

59. Refer to the above graph. Other things equal, an increase in the price of substitute resource would cause a:
A. shift from *D*2 to *D*3 assuming the substitution effect exceeds the output effect.
B. move from *a* to *b* on *D*1.
C. move from *b* to *a* on *D*1.
D. shift from *D*3 to *D*2 assuming the substitution effect exceeds the output effect.