

SUVA SANGAM COLLEGE

YEAR 13

ECONOMICS

WORKSHEET 3

Question 1

Use the information given below to answer the following questions.

James Gunn, a worker at Avengers Retailing outlet in Suva has an income of \$80 a month to spend on consumption of Coke and Pizza. The price of Pizza is \$8 and the price of a carton of Can Coke is \$16.

Required:

Complete Gunn's consumption possibilities schedule given below by computing the missing figures.

Consumptions possibilities	Coke(Cartons per month)	Pizza(per month)
A	0	(I)
B	1	8
C	2	(II)
D	3	(III)
E	4	2
F	5	(IV)

Question 2

Study the information given below and use your knowledge to answer the questions that follow.

A garment factory is operating in Labasa known as A. Chandra's Apparel. The firm is making dresses and selling at a price of \$30 each. A worker is paid \$210 as wages per week.

Number of Labour Employed	Output per Week	MPP	Price of a dress (\$)	MRP	Wages (\$)
1	18	18	30	540	210
2	33	(i)	30	(v)	210
3	44	11	30	330	210
4	53	(ii)	30	270	210
5	60	(iii)	30	(vi)	210
6	(iv)	5	30	150	210

- i. Complete the table by filling in the missing values for (i) to (vi)
- ii. Define **marginal revenue product of labour**

Question 3

Suppose a shoe factory is selling shoes at the price of each unit of output as \$20. Each worker is paid \$80.

Units of labor	Output per day	MPP	MRP
1	19	19	(I)
2	24	5	(II)
3	27	3	(III)
4	31	4	(IV)

(i) Calculate **marginal revenue** product from (I) – (IV)

(ii) How many units of labor will be **hired**? Explain **why**.