**MC questions**

1. Which of the following is **not** a production factor?
2. labour input
3. land
4. **investments**
5. energy
6. technology
7. We assume constant returns to scale. Which of the following statements about the production function is **not** correct?
8. if we increase the input of capital and labour ten times, production increases ten times
9. **the marginal product always increases as we increase the inputs**
10. production increases if we increase the input of capital
11. a higher level of capital increases the marginal product of labour
12. better technology increases production and the marginal product of both factors
13. Which of the following factors *decreases* the price level according to our theory?
14. a higher wage
15. a higher mark-up
16. a lower capital stock per worker
17. **better technology**
18. Which of the following factors does **not** affect the natural level of production in *our model*?
19. labour force
20. the natural rate of unemployment
21. technology
22. **land**
23. capital stock
24. According to our theory, the real wage is \_\_\_\_\_\_\_\_\_\_\_?
25. higher than the marginal product of labour
26. independent of the marginal product of labour
27. **lower than the marginal product of labour**
28. always equal to the marginal product of labour
29. According to our theory, non-labour income as a share of GDP \_\_\_\_\_\_\_\_\_\_\_\_\_
30. increases with capital intensity  and decreases with the mark-up 
31. decreases with capital intensity  and increases with the mark-up 
32. decreases with capital intensity  and decreases with the mark-up 
33. **increases with capital intensity  and increases with the mark-up **
34. Our theory says that if unemployment increases for a given capital stock \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
35. **employment decreases, the real wage increases and the labour share remains unchanged**
36. employment increases, the real wage decreases and the labour share remains unchanged
37. employment decreases, the real wage decreases and the labour share falls
38. employment, the real wage, and the labour share all increase
39. Which statement is correct about the marginal product of capital (MPK)?
40. MPK increases with the amount of capital but decreases with the amount of labour that is used
41. **MPK decreases with the amount of capital but increases with the amount of labour that is used**
42. MPK increases with the amount of capital and labour that is used
43. MPK decreases with the amount of capital and labour that is used
44. Which statement is correct about the marginal product of labour (MPL)?
45. **MPL increases with the amount of capital and decreases with the amount of labour that is used**
46. MPL decreases with the amount of capital and increases with the amount of labour that is used
47. MPL increases with the amount of capital and labour that is used
48. MPL decreases with the amount of capital and labour that is used
49. What is the mark-up on the marginal cost if the price elasticity of demand is minus 11?
50. One percent
51. Five percent
52. **Ten percent**
53. Fifteen percent
54. Twenty percent
55. What is the mark-up on the marginal cost if the price elasticity of demand  is minus 21?
56. One percent
57. **Five percent**
58. Ten percent
59. Fifteen percent
60. Twenty percent
61. With the Cobb-Douglas production function and a constant mark-up the price is proportional to the unit labour cost (see page 57 in the book). Suppose that total wage payments increase 10 percent and real production increases 4 percent. How much will prices increase? *(Hint: Use the rule of thumb for growth rates.)*
62. 4 percent
63. **6 percent**
64. 10 percent
65. 14 percent
66. Which statement is correct if the production function is Cobb-Douglas?
67. The labour share increases if there is more capital
68. **The labour share increases if there is more competition in the product market**
69. The labour share increases if there are more workers
70. The labour share increases if technology improves