**Factors of Production**

* State and explain four economic influences on an individual firm’s demand for labour. (25)
* (b) Explain, with the aid of a labour market diagram in each case, how equilibrium wage rates are determined in:
* A free labour market;
* A labour market where a trade union has negotiated a minimum wage. (25)
* Explain the following terms in relation to a factor of production:
* Supply Price;
* Transfer Earnings.
* Explain the concept Economic Rent and outline two circumstances under which a factor of production can earn it.
* Define the term Marginal Revenue Productivity (MRP) of a factor of production.
* State and explain two factors that can influence MRP.
* Outline two difficulties that may arise in measuring MRP.
* With reference to the factor of production labour, explain the following terms:
* Derived Demand;
* Marginal Revenue Productivity;
* Outline one possible economic advantage and one possible economic disadvantage, to the Irish economy, of reducing the National Minimum Wage.
* Discuss the factors that influence the size of the Irish labour force.
* A computer software engineer, who earns €40,000 annually in her current employment, decides to become an entrepreneur and set up her own business in which she expects to earn €75,000 annually.

(i) What is this entrepreneur’s ‘supply price’? Explain your answer.

(ii) If the business performs as expected, will the entrepreneur earn an ‘economic rent’?

Explain your answer.

* The demand for labour as a factor of production is a **derived demand** and is affected by that factor’s **Marginal Revenue Productivity (MRP).**

(i) Explain each of the underlined terms.

(ii) Outline TWO developments, other than a fall in MRP, which may result in a firm reducing its number of employees.

* State and explain THREE factors which are currently affecting the supply of labour to the Irish economy.
* The demand for labour has increased significantly in certain sectors of the Irish economy in recent years, e.g. construction. Discuss THREE economic consequences of this situation.
* ‘At a time of full (or near full) employment in the Irish economy, it is important that there should be the maximum **occupational mobility** and **geographical mobility** of labour.’

(i) Distinguish between the two underlined terms.

(ii) Outline THREE economic policies which could increase either occupational mobility of labour or geographical mobility of labour, in Ireland.

* Marginal Revenue Product (MRP) equals Marginal Physical Product (MPP) multiplied by Marginal Revenue (MR).

(i) Explain the underlined terms.

(ii) Outline the factors which influence MPP and MRP.

(25 marks)

* Define **LAND** as a factor of production.

(ii) Outline TWO economic characteristics of land.

(iii) Explain the concept of Economic Rent and illustrate with a relevant example.

(30 marks)

* The price of residential property has increased in Ireland in recent years. Discuss FOUR reasons for this development.