1. Resource Markets
   1. Derived Demand
      1. It’s demand is ultimately derived from the output of what it produces
      2. Examples:
         1. The demand for auto workers is the demand of automobiles
      3. MRP - Marginal Revenue Product (Demand Curve)
         1. The additional revenue the firm gets from hiring one more worker
         2. The workers value to the firm
         3. Marginal Revenue \* Marginal Product
      4. MFC - Marginal Factor Cost
         1. Additional cost of hiring one more worker
         2. In a perfectly competitive labor market MFC = W
         3. Perfectly competitive output market has MFC = W
         4. To know how many employees to hire you use: MRP = MFC – Marginal Revenue Product = Marginal Factor Cost
      5. What effects how many people are hired?
         1. Delta D for Output
         2. Change in productivity
         3. Change in P of other inputs