

Wage per unit of effort,  $c = \frac{w}{e}$

$$\frac{w^N}{e^N} = c$$

Marginal  
benefit  
=  
Marginal revenue  
product

Marginal cost  
of labor

$$c = \frac{w}{e}$$

$n_1$

$n_2$

$mb_1$

$mb_2$

$l_1^N$

$l_2^N$

Total labor used by the employer,  $l = eh$

