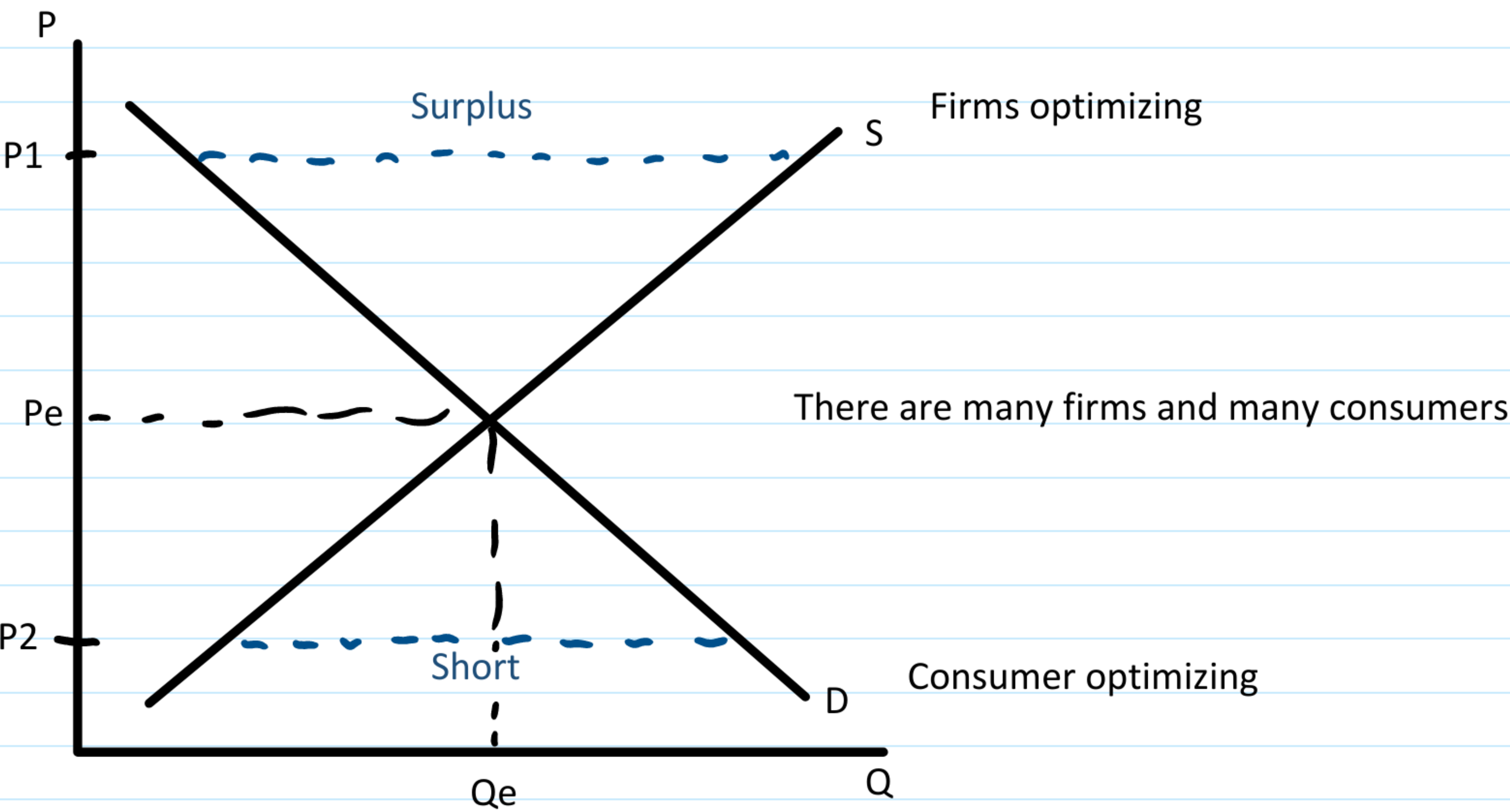


2.2 Supply and Demand

Friday, September 3, 2021 10:06 AM

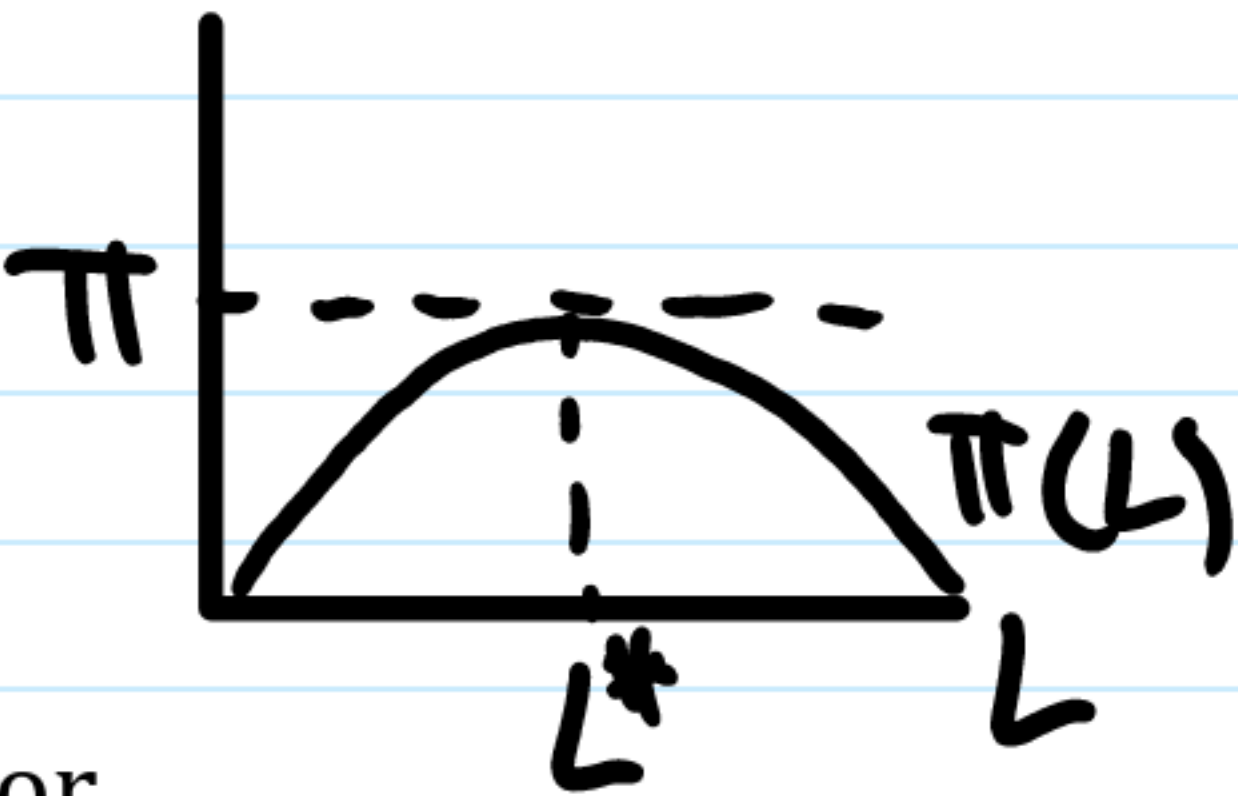


Firm F

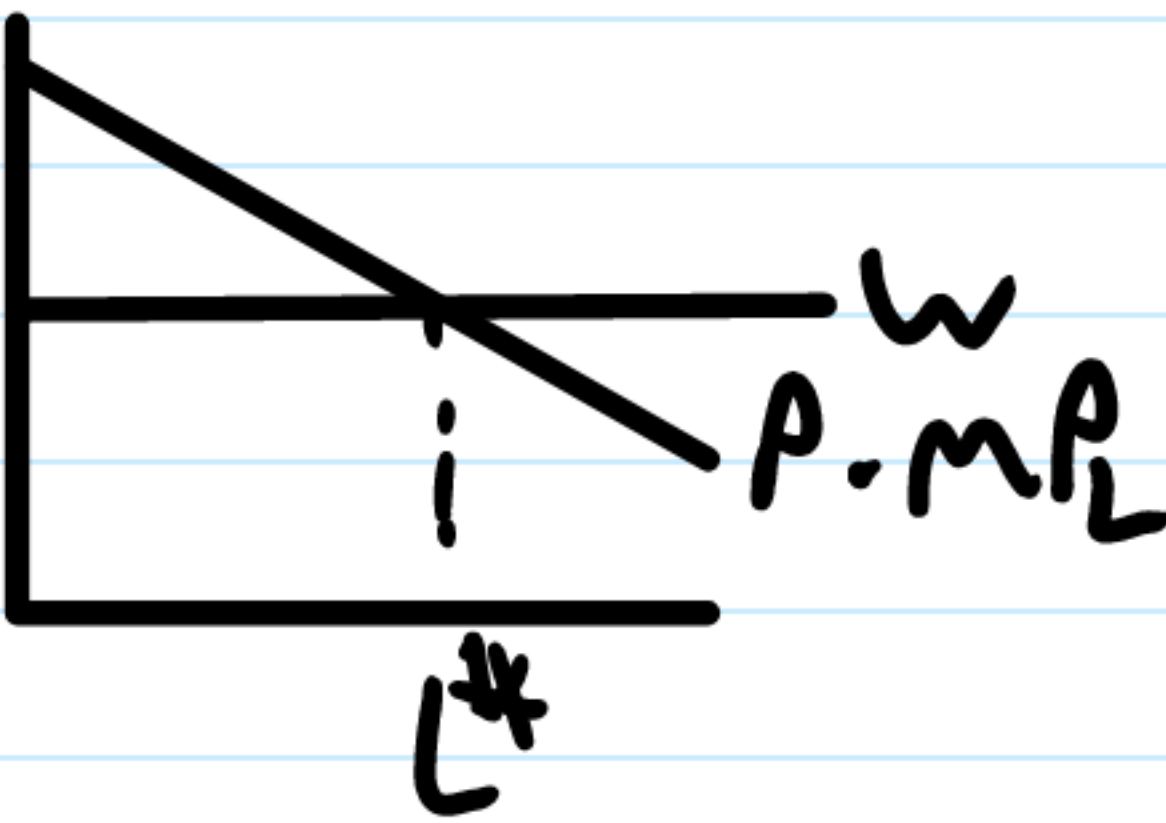
$$\pi_f = pq_f(L_f, K_f) - rK_f - WL_f$$

$$\frac{d\pi_f}{dL_f} = p \frac{dq_f}{dL_f} - W = 0$$

-> Marginal product of labor



$$p * Mp_L > w$$
$$10 * 10 > 20$$



$$L^D = \sum_f L_f^D$$

