

Hire all workers for whom the

$MRP_L > \text{price of labor } (P_L)$

L



2

3

4

5

6

0

MP_L

692

288

220

184

166

142

$$692 \times 5$$

$$288 \times 5$$

$$220 \times 5$$

$$184 \times 5$$

$$166 \times 5$$

$$142 \times 5$$

MRPL

Hire all workers for whom the

$$MRP_L > \$3,500$$

[illegible]

3460

1440

1100

920

830

710

MRPL


Demand for Labor

[illegible]

A pink speech bubble with a soft shadow, containing the text "If the wage is".

If the wage is

3,500

A pink speech bubble with a tail pointing towards the bottom-left corner, containing the text "The quantity of labor demanded is".

The
quantity of
labor
demanded
is



1,500



$> 1,500$	Hire worker 1
$< 1,500$	Do not hire
$< 1,500$	Do not hire
$< 1,500$	Do not hire
$< 1,500$	Do not hire
$< 1,500$	Do not hire

1,500

1,000

3

> 1,000	Hire worker 1
> 1,000	Hire worker 2
> 1,000	Hire worker 3
< 1,000	Do not hire
< 1,000	Do not hire
< 1,000	Do not hire

1,000

8

0

0

5

>800	Hire worker 1
>800	Hire worker 2
>800	Hire worker 3
>800	Hire worker 4
>800	Hire worker 5
<800	Do not hire

800

L	MP _L	MRP _L	MRP _L		
0					
1	692	692 x 5	3460	>800	Hire worker 1
2	288	288 x 5	1440	>800	Hire worker 2
3	220	220 x 5	1100	>800	Hire worker 3
4	184	184 x 5	920	>800	Hire worker 4
5	166	166 x 5	830	>800	Hire worker 5
6	142	142 x 5	710	<800	Do not hire

If the wage is

Demand for Labor	
P _L	L
3,500	0
1,500	1
1,000	3
800	5

The quantity of labor demanded is

Hire all workers for whom the
MRP_L > price of labor (P_L)

Hire all workers for whom the
MRP_L > \$800

In the next example, assume that we **know** how many **workers** we want to hire and we need to **decide** how many units of **capital** to buy