

Hire a worker if the revenue s/he generates

exceeds Price of Labor

If MRP L



PL

Fire the worker if the revenue s/he generates
is less than Price of Labor

increases

If MRP L



PL

Decreases

Hire a worker if the revenue s/he generates
exceeds Price of Labor

If $MRP_L \geq P_L$ Increase L

Fire the worker if the revenue s/he generates
is less than Price of Labor

If $MRP_L < P_L$ Decrease L

Use **more** machines if the revenue it generates exceeds Price of Capital