

$MP_L = 20 \text{ units}$

Price of output = \$30

$$MRP_L = MP_L \times \text{Price of output}$$

$$MRP_L = 20 \text{ units} \times \$30$$

Revenue generated by that worker: $MRP_L = \$600$

Hire this worker if the
revenue s/he generates
exceeds the wage: Price of
Labor (P_L)

Should this **worker** be hired?

Hire this worker if his/her
 $MRP_L > \text{Price of Labor } (P_L)$

If wage $<$ \$600 \longrightarrow Hire the worker

If wage $>$ \$600 \longrightarrow Do not hire the worker

Should this **worker** be hired?

$$MP_L = 20 \text{ units}$$

$$\text{Price of output} = \$30$$

$$MRP_L = MP_L \times \text{Price of output}$$

$$MRP_L = 20 \text{ units} \times \$30$$

Hire this worker if his/her
 $MRP_L > \text{Price of Labor } (P_L)$

Revenue generated by that worker: $MRP_L = \$600$

If wage $< \$600 \longrightarrow$ Hire the worker

If wage $> \$600 \longrightarrow$ Do not hire the worker

Should this machine be purchased?