



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 shadow, containing the text "If the wage is".

If the wage is

3,500



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 <sub>L</sub> | MRP <sub>L</sub> | MRP <sub>L</sub> |      |               |
|---|-----------------|------------------|------------------|------|---------------|
| 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 <sub>L</sub>   | 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<sub>L</sub> > price of labor (P<sub>L</sub>)

Hire all workers for whom the  
MRP<sub>L</sub> > \$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