Hire all workers for whom the MRP > price of labor (P_I)







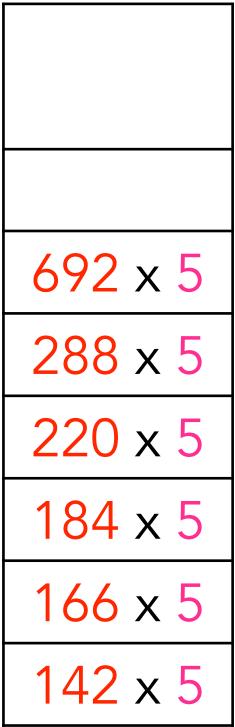














Hire all workers for whom the MRP > \$3,500

<3,500 Do not hire <3,500 Do not hire

<3,500

<3,500

<3,500

<3,500

Do not hire

Do not hire

Do not hire





Demand for Labor					
P_L					



The quantity of labor demanded is





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

<1,500

<1,500

<1,500

Do not hire

Do not hire

1,500



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

<1,000

<1,000

Do not hire

1,000



>800 Hire worker 1 Hire worker 2 >800 Hire worker 3 >800 Hire worker 4 >800 Hire worker 5 >800

<800

If the wage is

Demand for Labor

The quantity of labor demanded is

L	MPL	MRPL	MRPL		
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

Hire all workers for whom the MRP_L

> price of labor (P_L)

Hire all workers for whom the MRP

> \$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