# *Optimal use of Labor*

| L | TP | MP | MRP |
|---|---|---|---|
| 0 | 0 | | |
| 1 | 15 | 15 | 450 |
| 2 | 27 | 12 | 360 |
| 3 | 37 | 10 | 300 |
| 4 | 44 | 7 | 210 |
| 5 | 47 | 3 | 90 |
| 6 | 49 | 2 | 60 |
| 7 | 48 | -1 | -30 |
| 8 | 45 | -3 | -90 |

Rule: If $MRP_L > P_L$

Increase use of labor

$> P_L = 90$: hire more L

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*We know the firm has hired the optimum number of workers when the* $\boldsymbol{MRP_L = P_L}$

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$= P_L = 90$; Stop hiring

# Optimal use of Capital

| K | TP | MP | MRP |
|---|---|---|---|
| 0 | 0 | | |
| 1 | 15 | 15 | 150 |
| 2 | 28 | 13 | 130 |
| 3 | 40 | 12 | 120 |
| 4 | 51 | 11 | 110 |
| 5 | 61 | 10 | 100 |
| 6 | 70 | 9 | 90 |
| 7 | 78 | 8 | 80 |
| 8 | 85 | 7 | 70 |