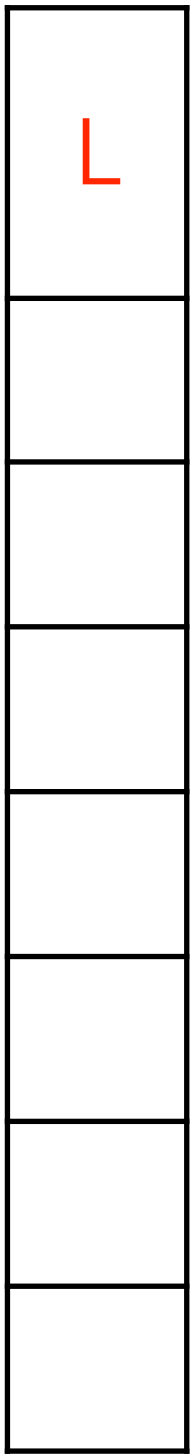
Hire all workers for whom the

MRP_L > price of labor (P_L)


L

2

3


4


5


6

0

MP_L
692
288
220
184
166
142

692 x 5
288 x 5
220 x 5
184 x 5
166 x 5
142 x 5


MRPL

Hire all workers for whom the

$MRP_L > \$3{,}500$

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

3460
1440
1100
920
830
710


MRP L

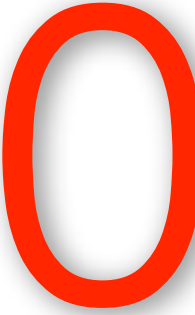
Demand for Labor

P_L	L

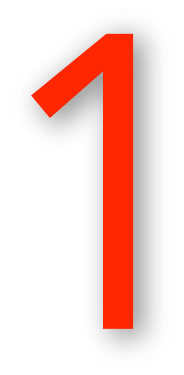

If the wage is


3,500


The
quantity of
labor
demanded
is




1,500


1

>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


800


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_L	MRP_L	MRP_L		
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_L	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_L > price of labor (P_L)

Hire all workers for whom the MRP_L > $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