





MP_{next worker} \equiv 20 units

Price of output = \$30

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

MRP_L = 20 units x \$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 s/he brings more revenue than what she costs to hire

Wage

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

Should this worker be hired?

Hire this worker if s/he brings more revenue than what she costs to hire.

Wage

Revenue generated by that worker:

$$MRP_L = \$600$$

Hire this worker if his/her

$$MRP > \text{Price of Labor } (P_L)$$

Should this machine be purchased?