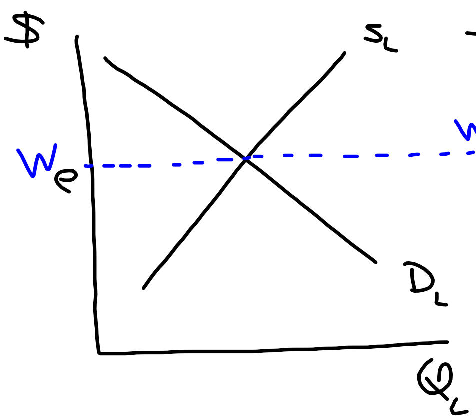
Wage	Supply	Cost	Marginal Cost of Labor
$10	5	$50	
20	10	$200	$30 150
30	15	$450	$50 250
40	20	$800	$70 350
50	25	$1250	$90 450
60	30	$1800	$110 550

Monopsony: single purchaser of a product.

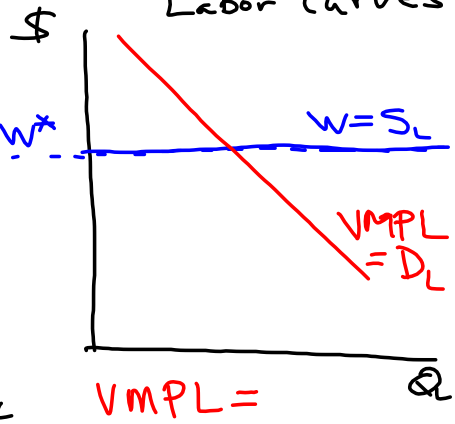
Monopsony for Labor – one firm faces the entire labor supply curve

Perfectly Competitive Product and Labor Market

Labor market



Firm's Labor Curves



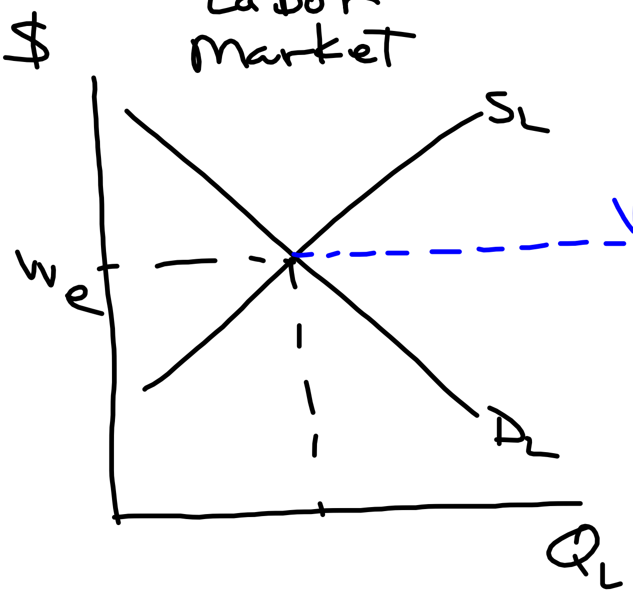
VMPL = P×MPL

MR = P so

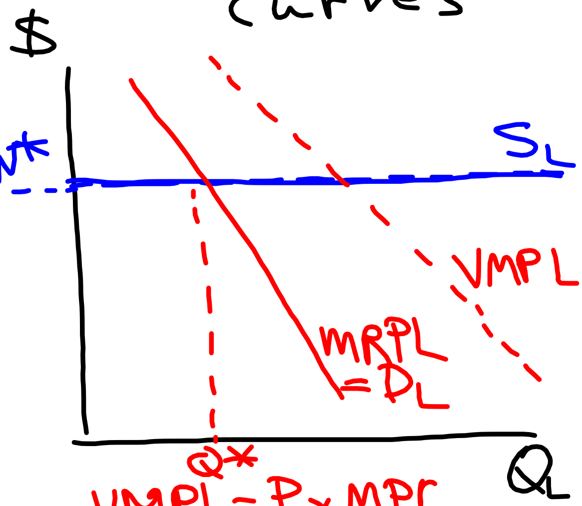
MRPL = VMPL

Imperfectly Competitive Product Market, Perfectly Competitive Labor Market

Labor market



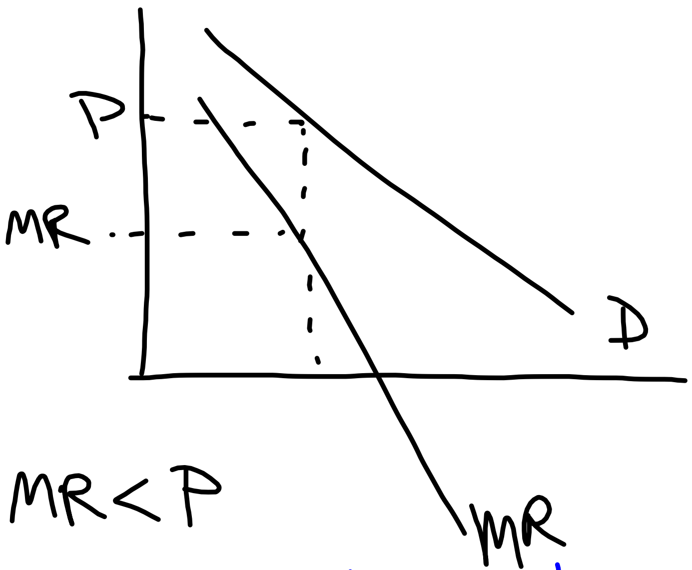
Firm's Labor curves



VMPL = P*MPL

MRPL = MR*MPL

Monopoly

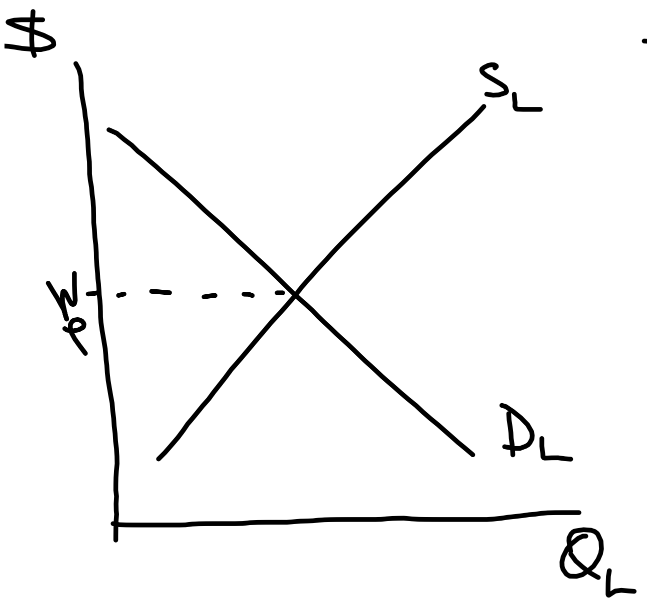


$MR < P$

must charge less to sell more

Perfectly Competitive Product Market, Imperfectly Competitive Labor Market

Labor Market



Firm's Labor Curves