## **ADDITIONAL PROBLEMS**

Problem 1

A monopsonist that produces its output using factor *x*:

- a) sets the amount of x purchased at the level  $pMP_x = w_x$ , where p is the price of output and  $w_x$  is the price of x
- b) operates under the condition  $MR_x = MC_x$ , where  $MR_x$  stands for marginal revenue of an additional unit of x and  $MC_x$  is the marginal cost of this unit of x
- c) sets the amount of x purchased at the level  $MRP_x = w_x$ , where  $MRP_x$  is the marginal revenue product of x
- d) none of the above