

ADDITIONAL PROBLEM

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