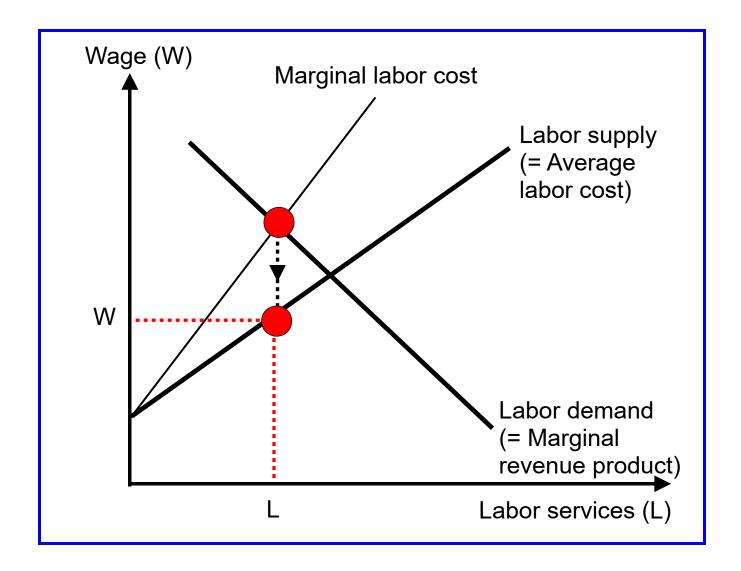
## Monopsony

- A monopsonist is the **only buyer** in a market with many suppliers, in this case the only employer compared to many employees.
- The labor supply also corresponds to the average labor cost for the monopsonist. With rising average labor cost, the marginal labor cost runs above the average labor cost.
- At the intersection 'Marginal labor cost = Labor demand', the marginal labor cost corresponds to the marginal revenue product. However, the quantity of labor (L) can be contracted out at a lower wage (W).



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