

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).

