

No 2

$$\text{Labor supply} = W = 3E$$

$$MRP_e = 192 - 18E$$

$$MFC = 6E$$

$$\begin{aligned} \text{Employment} &= \frac{MRP_e}{\text{Labor supply}} \\ &= \frac{192 - 18E}{3E} \end{aligned}$$

$$\text{Optimal employment} = \frac{192 - 18E}{3E}$$

(ii) wage rate paid

$$\begin{aligned} &= \frac{\text{Optimal employment}}{\text{marginal product}} = \frac{192 - 18E}{3E} \div 6E \\ &= \frac{(192 - 18E)6E}{3E} \end{aligned}$$

No 3

per wage = \$10

per employment = 15

When there is income in household  
there is demand for a dog groomer  
So surplus labor will reduce there  
will be a negative change in  
wage surplus in town.



$Z_0$  represents optimal equilibrium  
where all the labor is raised  
if optimum.

The equilibrium wage will also  
change if there is income in  
household.

NO 4

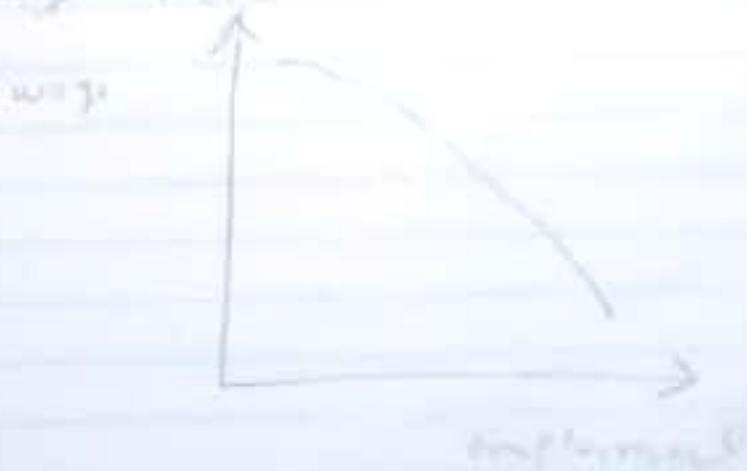
Eq wage = 1/20  
employment level = 50

change in wage = 18  
employment = 60

level of surplus =  $\frac{\text{Change in employment level}}{\text{Change in wage}}$

$$= \frac{20 - 18}{50 - 60} = \frac{2}{10} = 0.2$$

The surplus will reduce because there is relationship between the change in the employment and wage rate



NO I

MRI = \$14 per hour

(a) Average wage

$$= \frac{14 + 11}{2} = 12.50$$

This is a good idea because the  
the average of trained and untrained  
worker wages. The average will  
not give any loss to General  
Co-operatives. In general training  
every employee is benefited.

(b) If General Co-operatives spends  
training to spend for two workers  
\$14 as a trained employee  
so firm will \$13.50 is not  
a good idea as per MRI  
because the worker will offer  
returns to the organization.