5 Monopsony – Part 2 — Answers

Answers

Work through these after you have tried the questions yourself.

2.1 a market with a single buyer of a factor of production (for example, the only large employer in a town).
2.2 it faces the whole upward-sloping labour supply, so attracting one more worker means offering a higher wage, which it must pay to all its workers.
2.3 above the wage.
2.4 it pays a lower wage and hires fewer workers.
2.5 a town with a single large employer (or one dominant buyer of a resource). \