

21. Incorrect. The answer is true not false. If a monopsonist can perfectly price discriminate and pay the 2nd supplier a higher price than the first and the 3rd a higher price than the first two, the marginal factor cost curve is not above the supply curve. The marginal cost of a factor is just its price. In this case, a perfectly price discriminating monopsonist pays each supplier their reservation prices, thus harnessing the entire producer surplus. Note there are no social losses in this case but a transfer to the monopsonist.

