





MP next machine \equiv 30 units

Price of output = \$30

$$MRP_K = MRP_K \times \text{Price of output}$$

$$MRP_K = 30 \text{ units} \times \$30$$

Revenue generated by that machine:

MRP_K = \$900

Buy this machine if the revenue it
generates exceeds the Price of Capital P_K

Buy this machine if it brings more
revenue that what it costs to buy

Should this machine be purchased?

Price of
capital

Buy this machine if its

MRP $>$ Price of Capital (P_K)

Should this machine be purchased?

Buy this machine if it brings more
revenue that what it costs to buy

Price of capital

Revenue generated by that machine:

$$MRP_K = \$900$$

Buy this machine if its

$$MRP > \text{Price of Capital } (P_K)$$

Hire a worker if the revenue s/he generates
exceeds Price of Labor