MP_K : Marginal Product of Capital

Increase in output resulting from the last machine purchased (Measured in units of output)

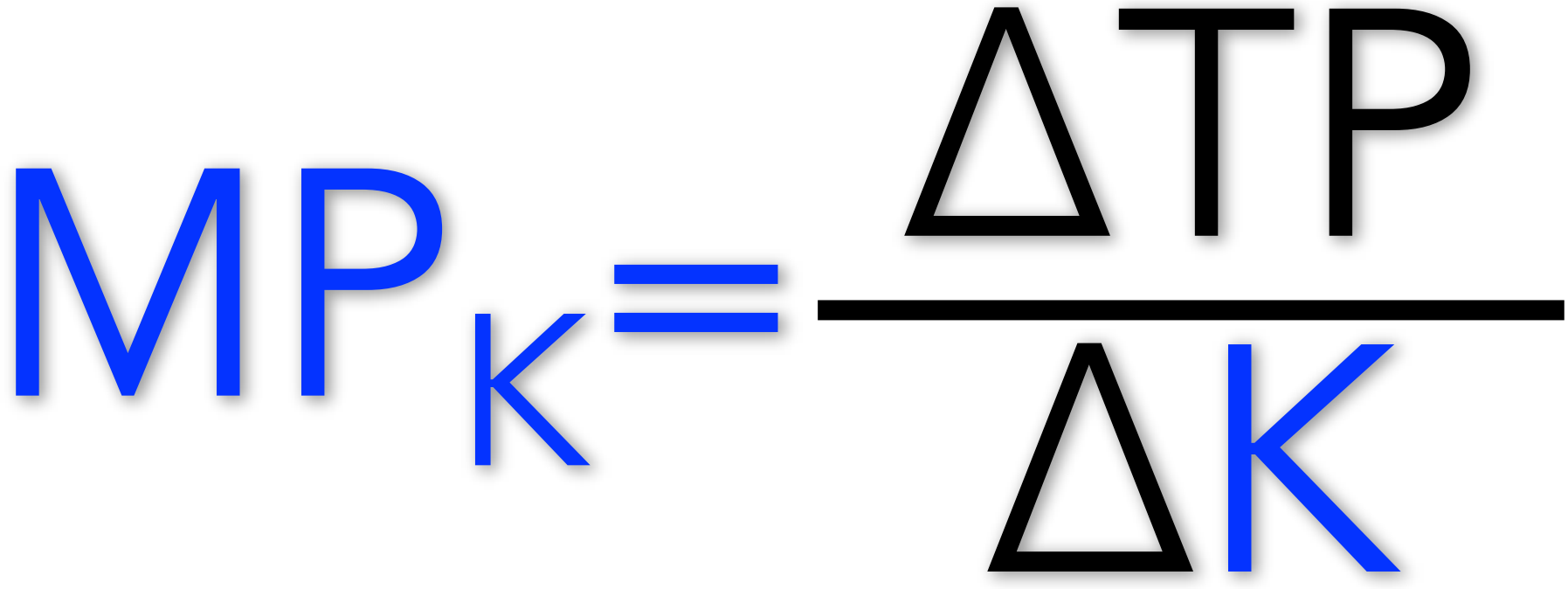
MRP_K:Marginal Revenue Product of Capital

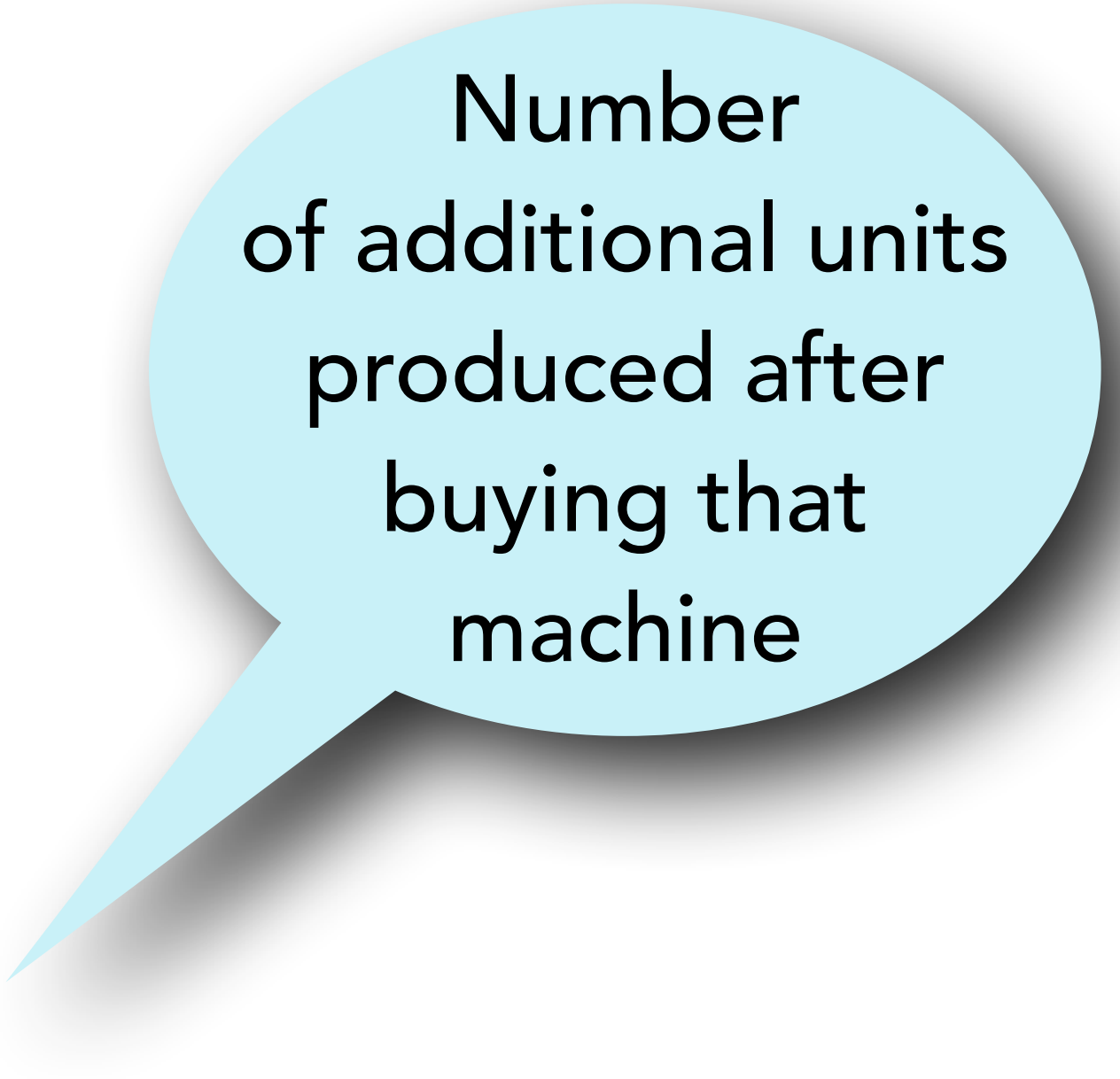
Revenue generated by the last machine purchased (Measured in dollars)

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

$$\frac{\text{Change in TP}}{\text{Change in K}}$$

$$MP_K =$$


MPк=
ΔTP
ΔK


Number
of additional units
produced after
buying that
machine


Price at which those units will be sold


Revenue the firms gets from buying that machine

MP_K : Marginal Product of Capital

Increase in output resulting from the last machine purchased (Measured in units of output)

$$MP_K = \frac{\text{Change in TP}}{\text{Change in K}} \qquad MP_K = \frac{\Delta TP}{\Delta K}$$

$_K$:Margin… …tal

…venue gen… …purchased

Measured in dollars)

Revenue the firms gets from buying that machine

Number of additional units produced after buying that machine

Price at which those units will be sold

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

Should this worker be hired?