

$MP_{k2}$



$K_2$

$MP_{k3}$

⋮

$K_3$

$MP_{k1}$



$K_1$



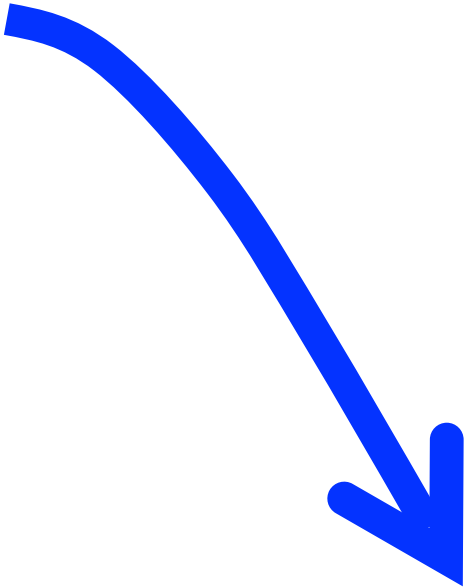
$MP_{\text{Capital}}$  Eventually  
Decrease

In the Short Run





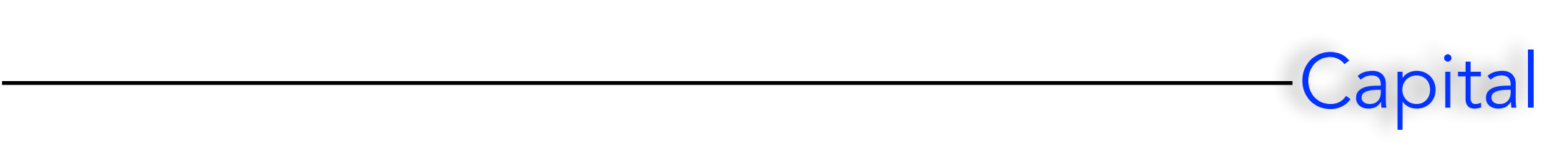
As the firm brings in  
more machines ( $K$ )



# Diminishing Returns to Capital

$MP_k$





## In the Short Run



As the firm brings in more machines (K)

