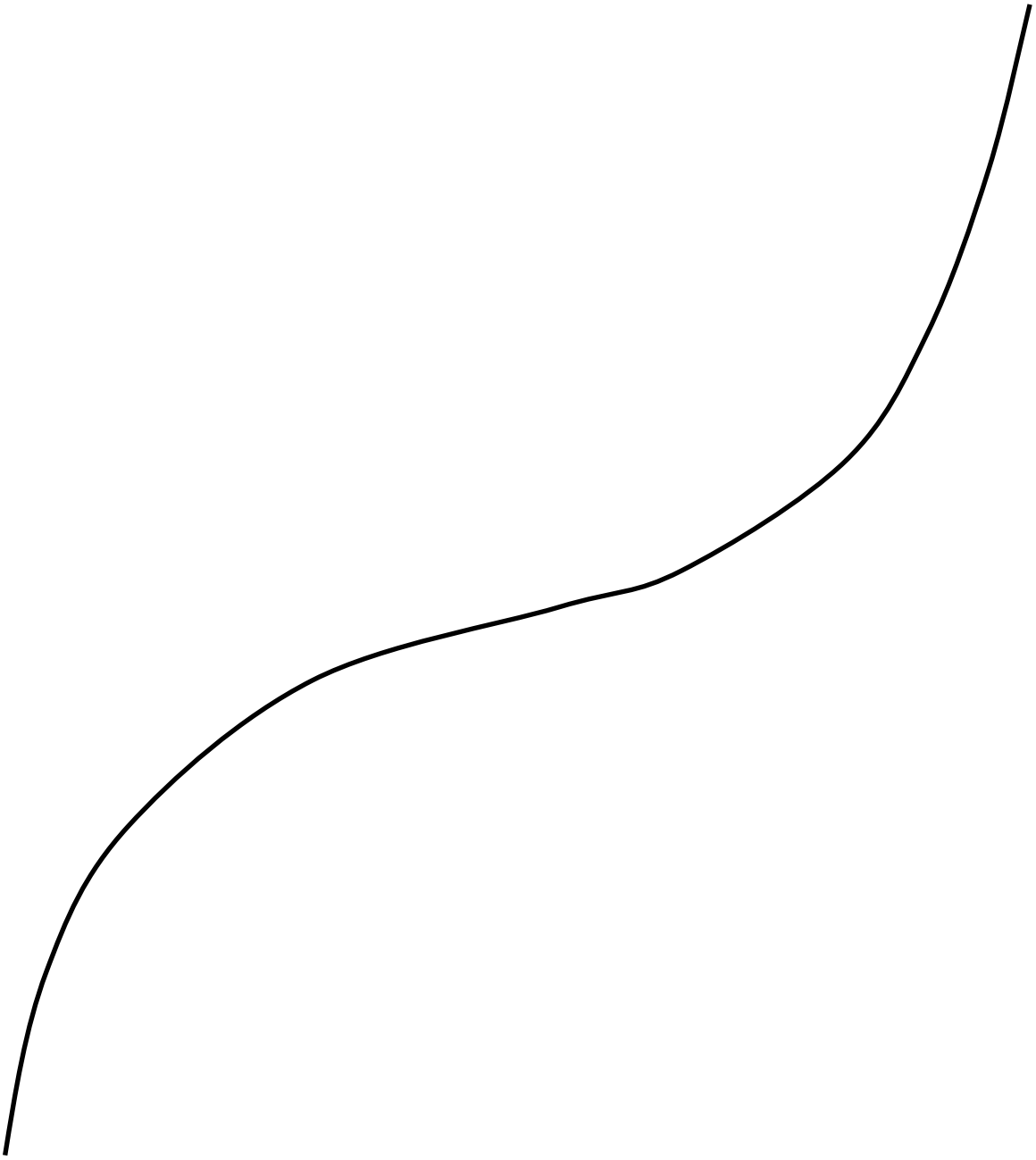


Variable Costs increase
as Output increase





Output





MC drops as

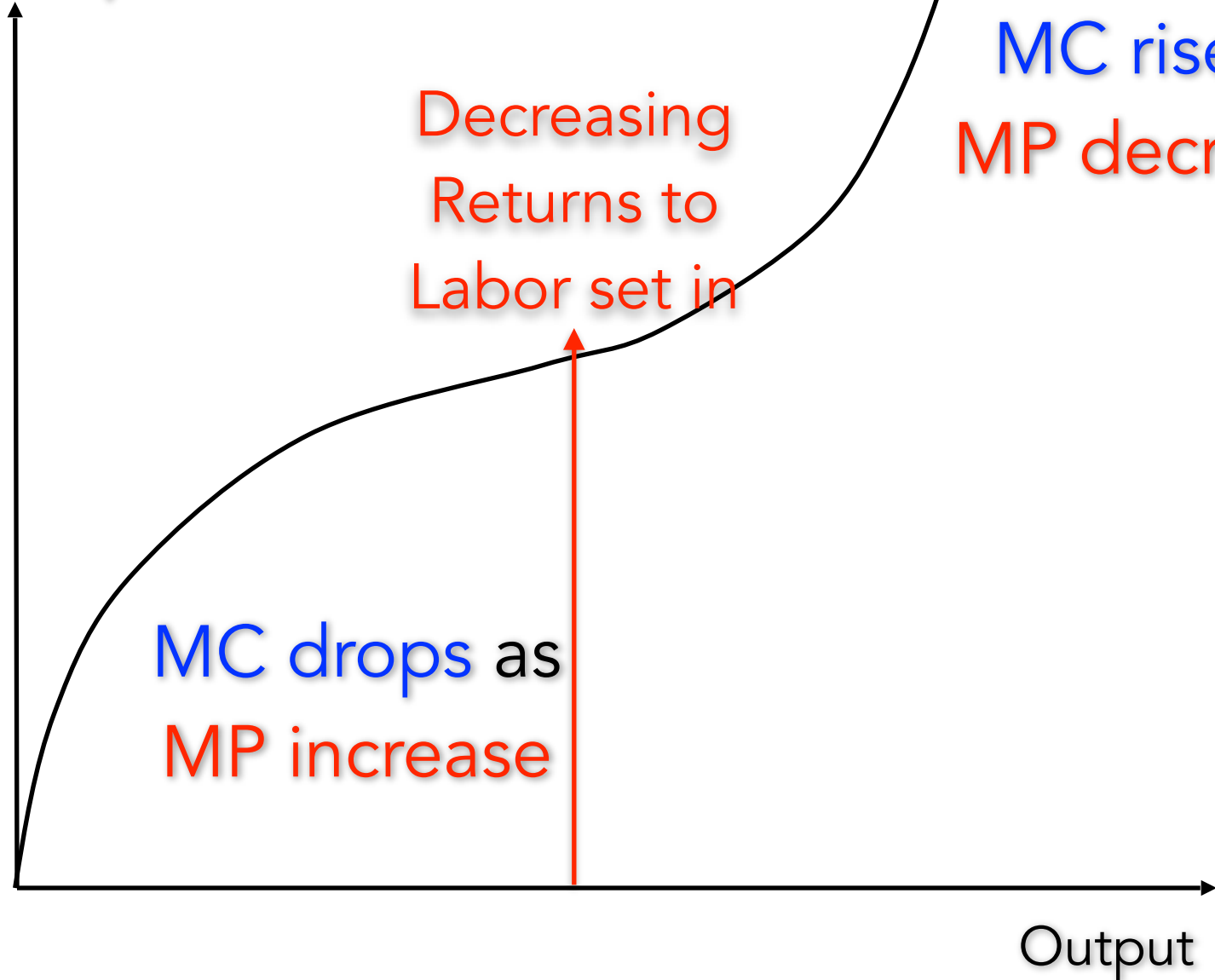
MP increase

MC rise as

MP decrease

Decreasing
Returns to
Labor set in

Variable Costs increase
as Output increase



MC rise as
MP decrease

MC drops as
MP increase

A Typical Cost Function

