

MP_{k2}



K_2

MP_{k3}



K_3

MP_{k1}



K_1

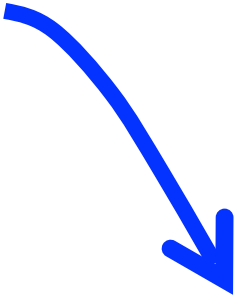


MP_{Capital} Eventually
Decrease

In the Short Run



As we bring in more
machines (K)



Diminishing Returns to Capital

MP_k



Capital

In the Short Run



As we bring in more
machines (K)

Diminishing Returns
to Capital

