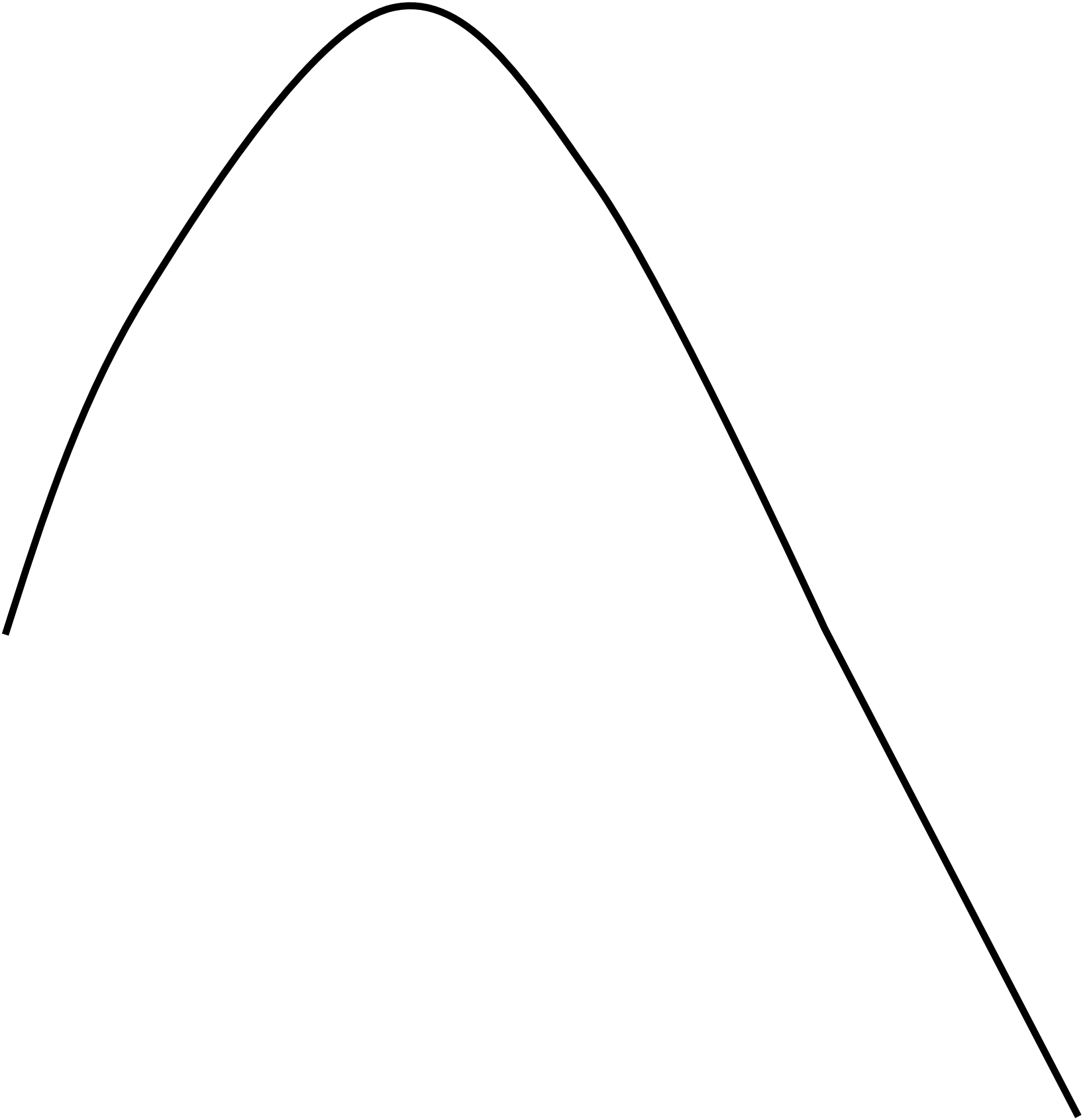

Labor



MP_{L2}



L_2

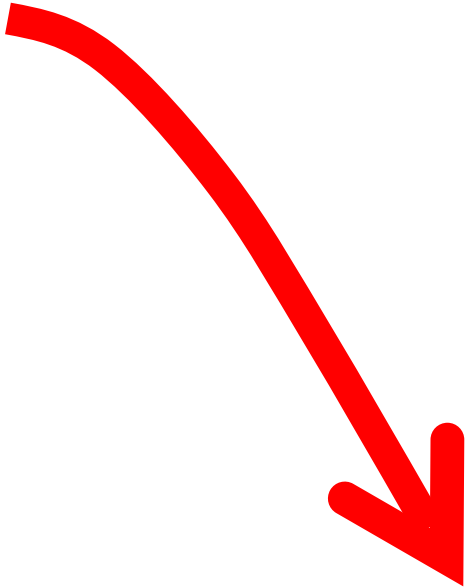
MP_{L1}



L₁



MP_{Labor} Eventually
Decrease









As the firm brings in
more workers (L)

To Increase Production in the Short Run

MP_{L3}



L_3

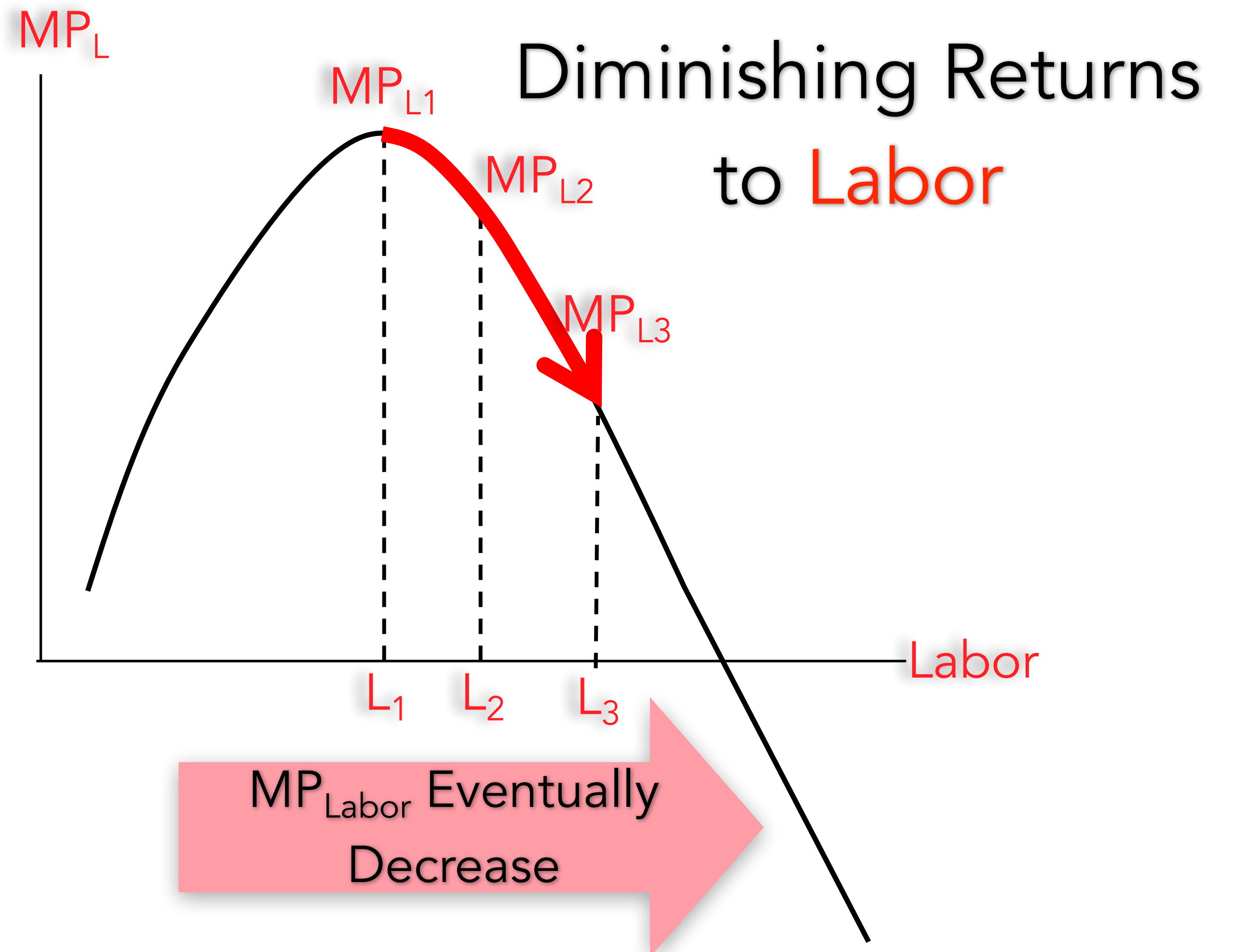
Diminishing Returns to Labor

MP_L



To Increase Production in the **Short Run**

As the firm brings in
more workers (L)



What happens as the firm brings in more capital?