

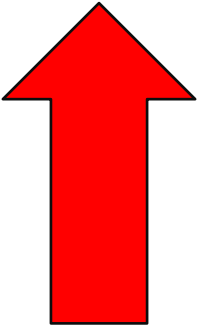


Wagde:















5  
pounds

$L=1$



10  
pounds

$L=2$



15  
pounds

$L=3$



20  
pounds

$L=4$



25  
pounds

$L=5$



\$

1

0

\$

1

0

\$

1

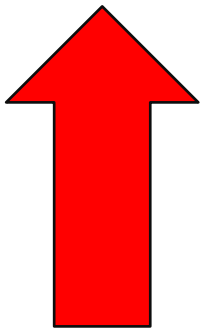
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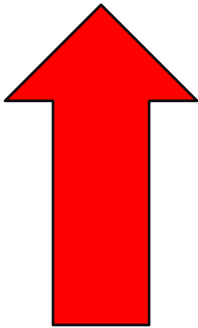
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1

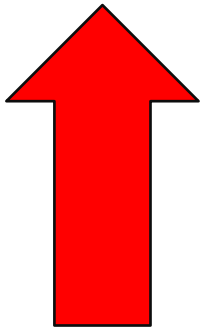
0



Cost per unit



Cost per unit



Cost per unit



Pay \$10 for  
5 pounds



Pay \$10 for  
10 pounds



Pay \$10 for  
15 pounds

\$

1

0









*Cost Per Unit Drops*

\$2

pound

\$1

\$0.66

\$0.50



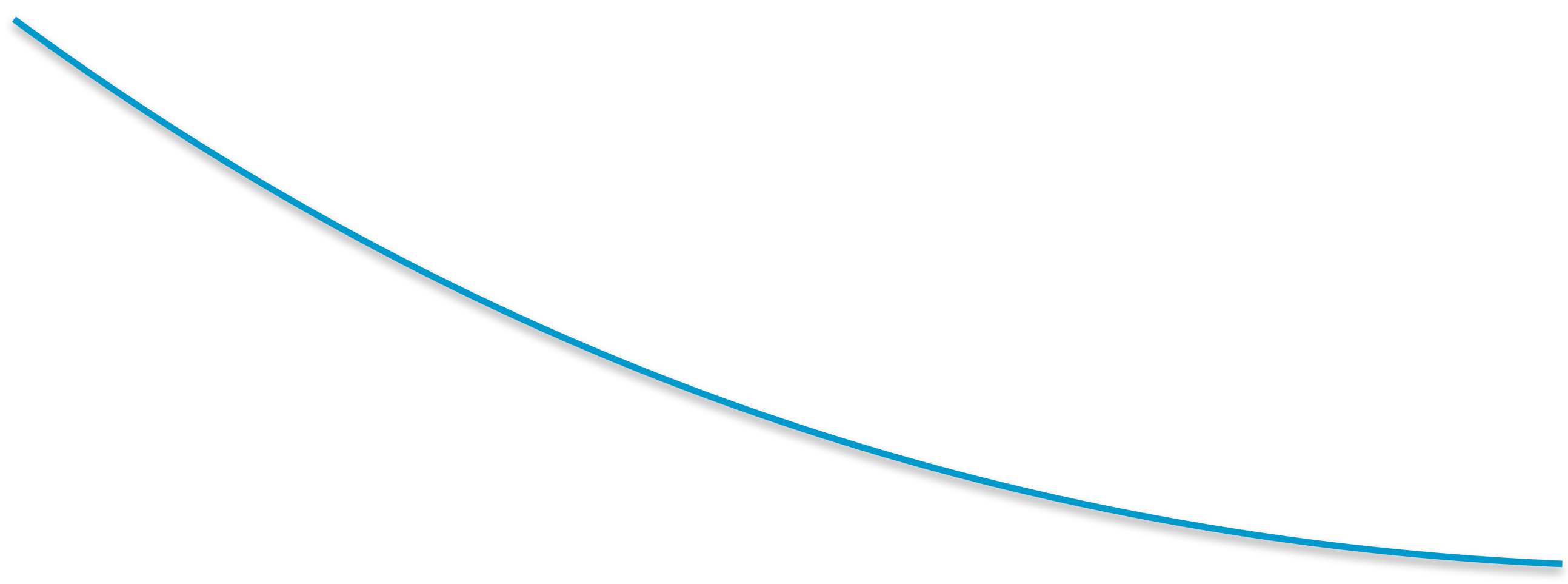
\$0.40

As the Marginal Product increase,















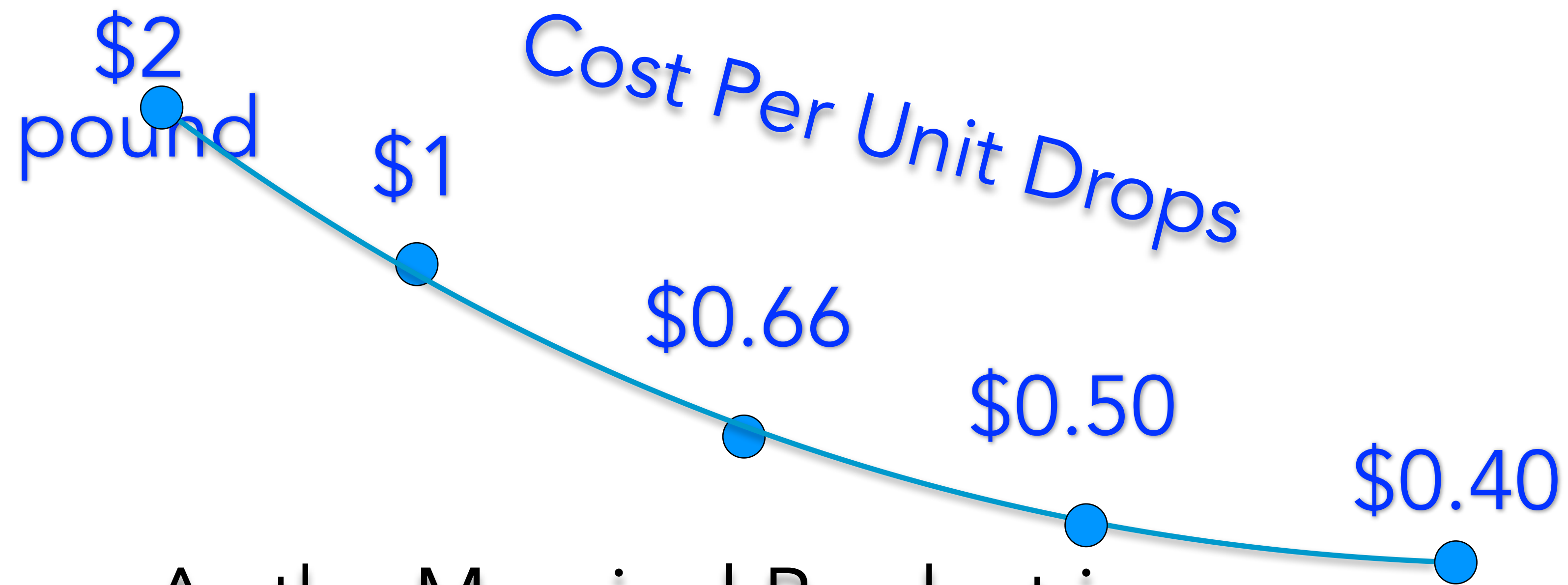
**M**

**P**

**.**

**.**



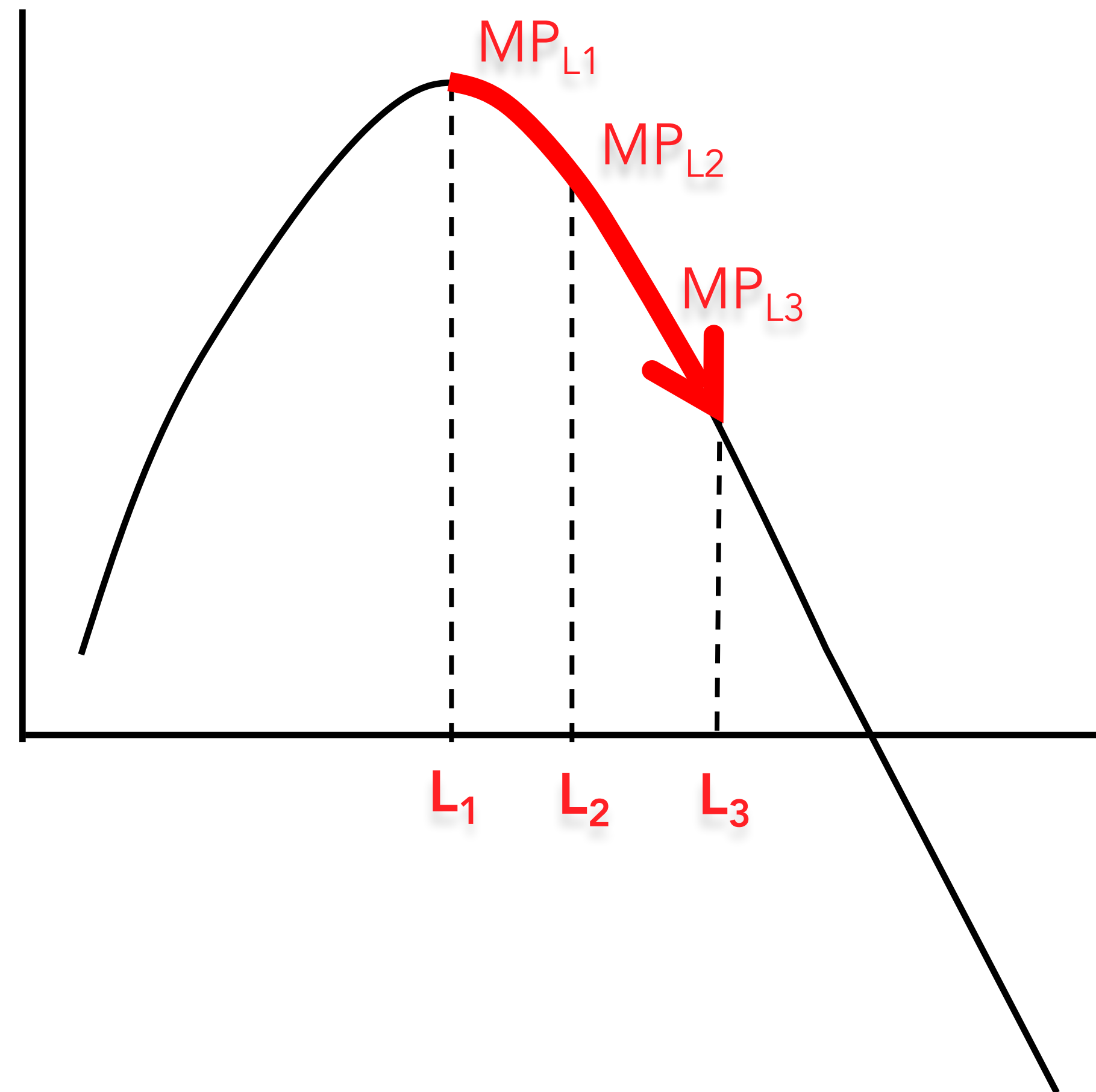


As the Marginal Product increase,

MP: 5	10	15	20	25
pounds	pounds	pounds	pounds	pounds
L=1	L=2	L=3	L=4	L=5







Decreasing Returns to Labor eventually set in and  
the **Marginal Product of Labor decrease**