*Your get **$1** for each dollar spent on Capital*

$$\frac{MRP_K}{P_K} = 1$$

$$\frac{MRP_K = 90}{P_K = 90}$$

=1

We know the firm has purchased the *optimum number of machines* if $MRP_K = P_K$

You spend $90 ($P_K$) buying a piece of equipment, to get $90 in revenue from that piece

Example:

$$\frac{MRP_K}{P_K} = \text{How much revenue you get for \textbf{each dollar} spent on Capital}$$

$$\frac{MRP_K}{P_K} = \text{Revenue per dollar spent on Capital}$$

We know the firm has purchased the optimum number of machines
if **MRP$_K$ = P$_K$** ➡️ $\dfrac{MRP_K}{P_K} = 1$

Example:

$\dfrac{MRP_K = 90}{P_K = 90} = 1$

You spend $90 (P$_K$) buying a piece of equipment, to get $90 in revenue from that piece

$\dfrac{MRP_K}{P_K} =$ *Revenue per dollar spent on Capital*

$\dfrac{MRP_K}{P_K} =$ *How much revenue you get for **each dollar** spent on Capital*