

$MP_{L2}$



$L_2$

MP<sub>L3</sub>



L<sub>3</sub>

MP<sub>L1</sub>

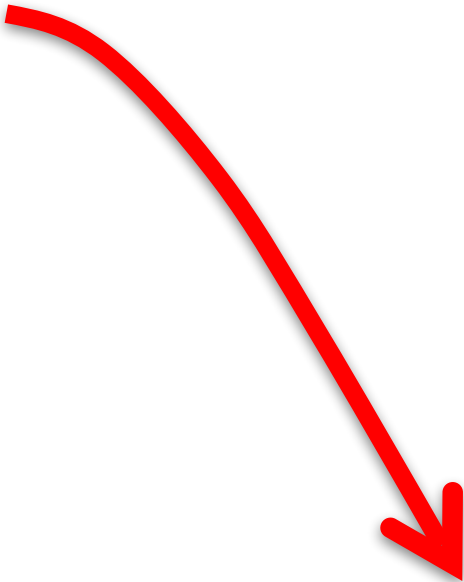


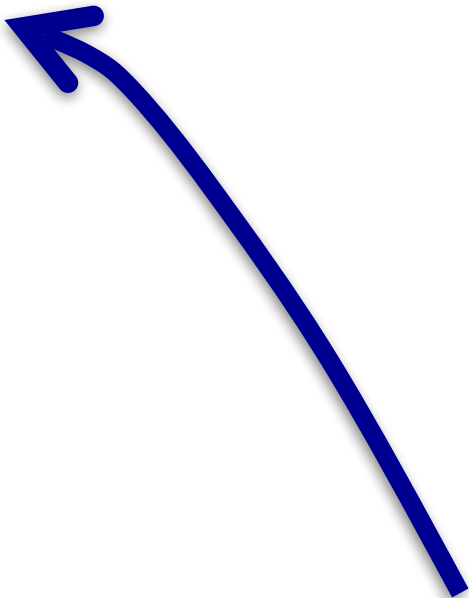
L<sub>1</sub>



As the use of Labor  
increase,  $MP_{\text{Labor}}$  decrease

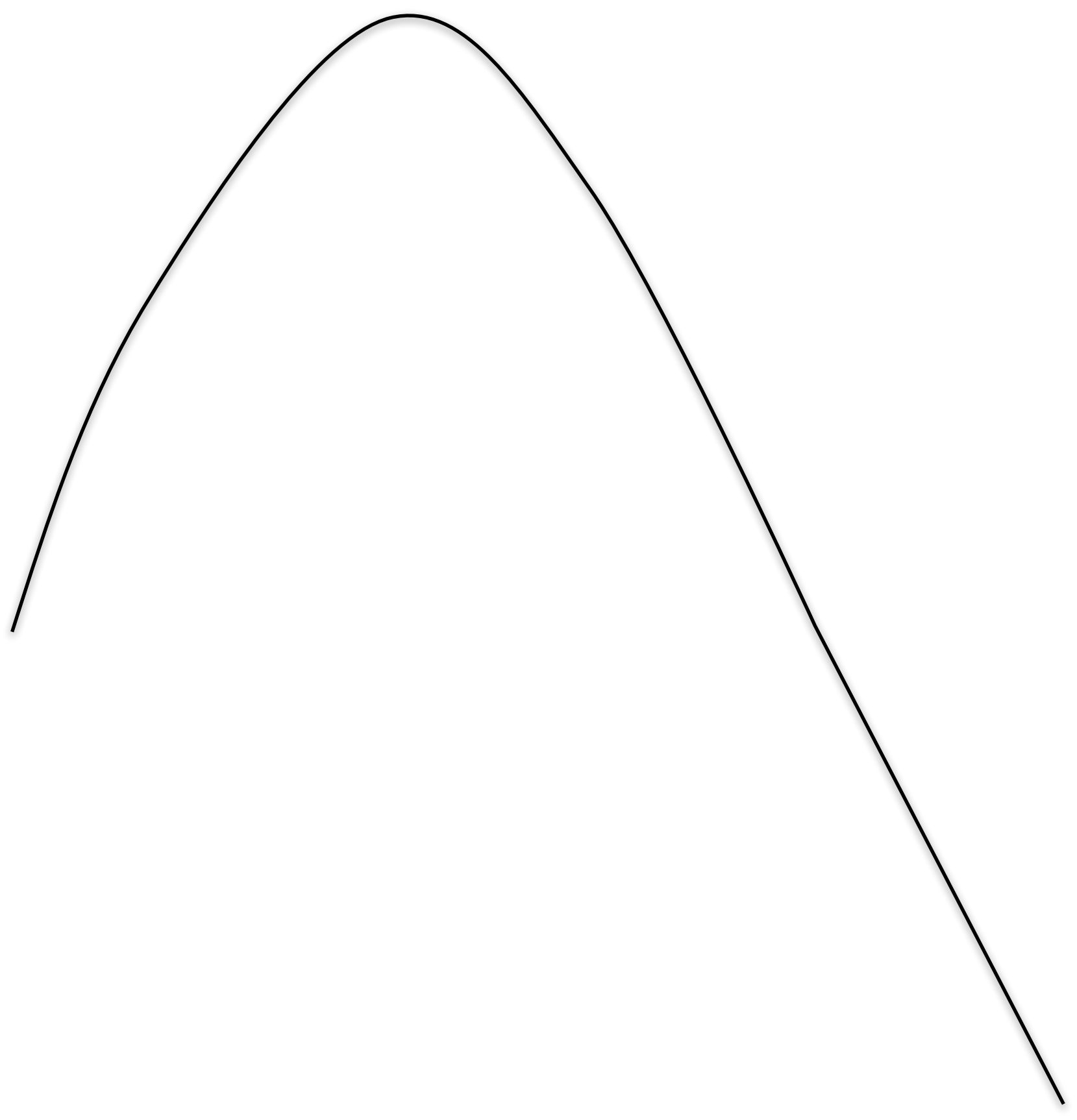












$MP_{k2}$



$K_2$

$MP_{k3}$



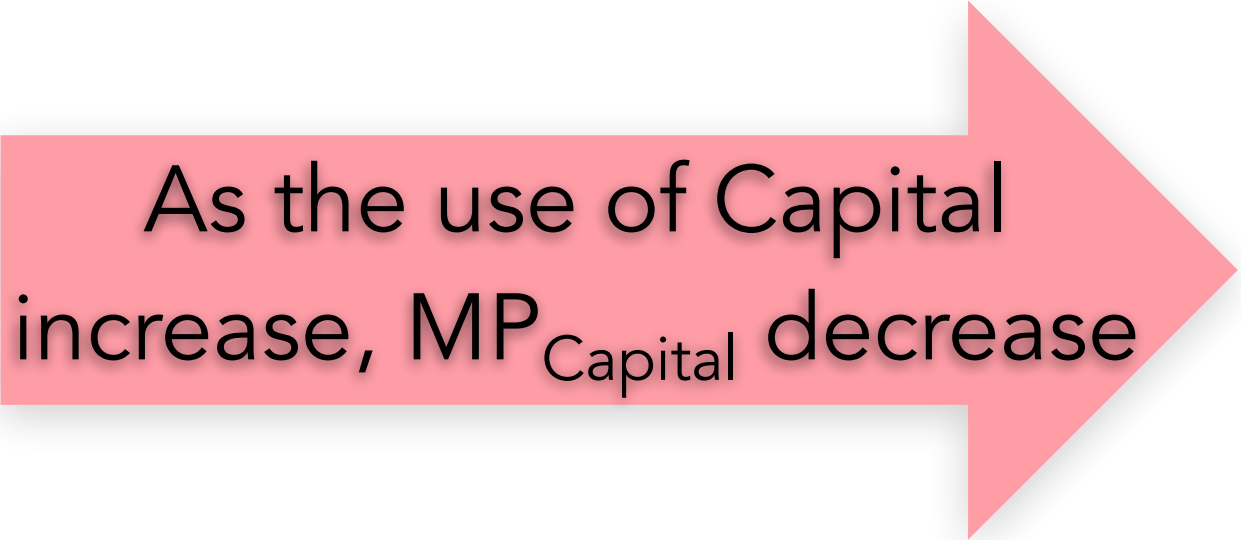
$K_3$

$MP_{k1}$




$K_1$

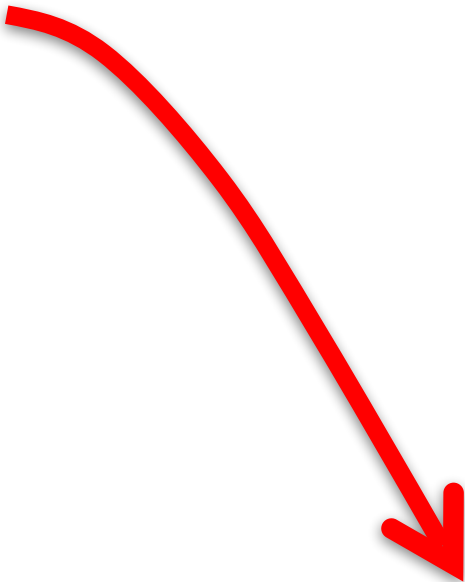


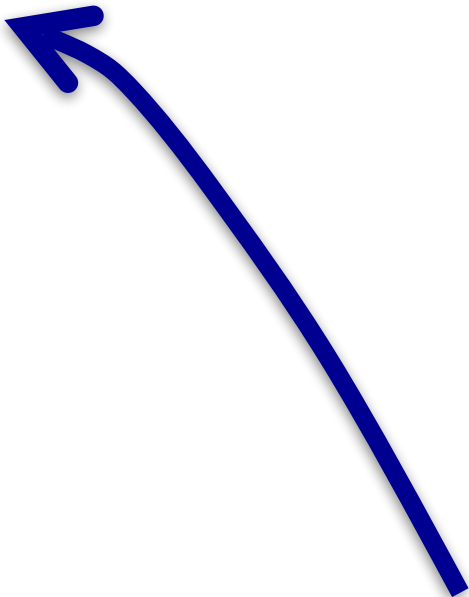


As the use of Capital  
increase,  $MP_{\text{Capital}}$  decrease



As the use of Capital  
decrease,  $MP_{\text{Capital}}$  increase







As the use of  $L$  decrease,  
 $MP_{\text{Labor}}$  increase

Once Diminishing Returns Set In...

The **more** an input is used, the **lower** the  
Marginal Product of that input

**MPL**



MP<sub>k</sub>

The **less** an input is used, the **higher** the  
Marginal Product of that input



















The **less** an input is used, the **higher** the Marginal Product of that input

