

Marginal Product

MP

Labor

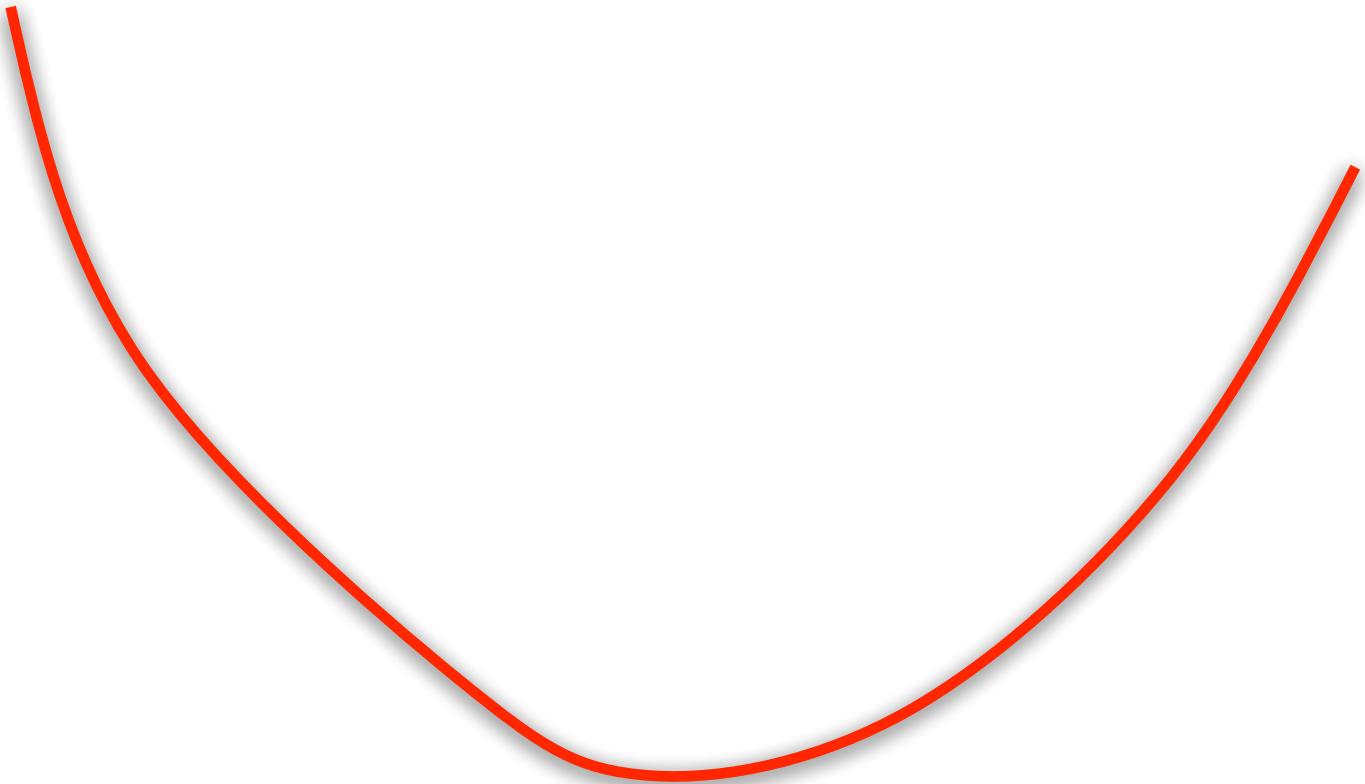


Units of Output

Marginal Cost

If MP increase

MC decreases



MC

MP

decreases

MC increase

When the MP is at its
Maximum

The MC is at its
Minimum

Diminishing Returns
to Labor set in

Diminishing Returns
to Labor set in

20

LO

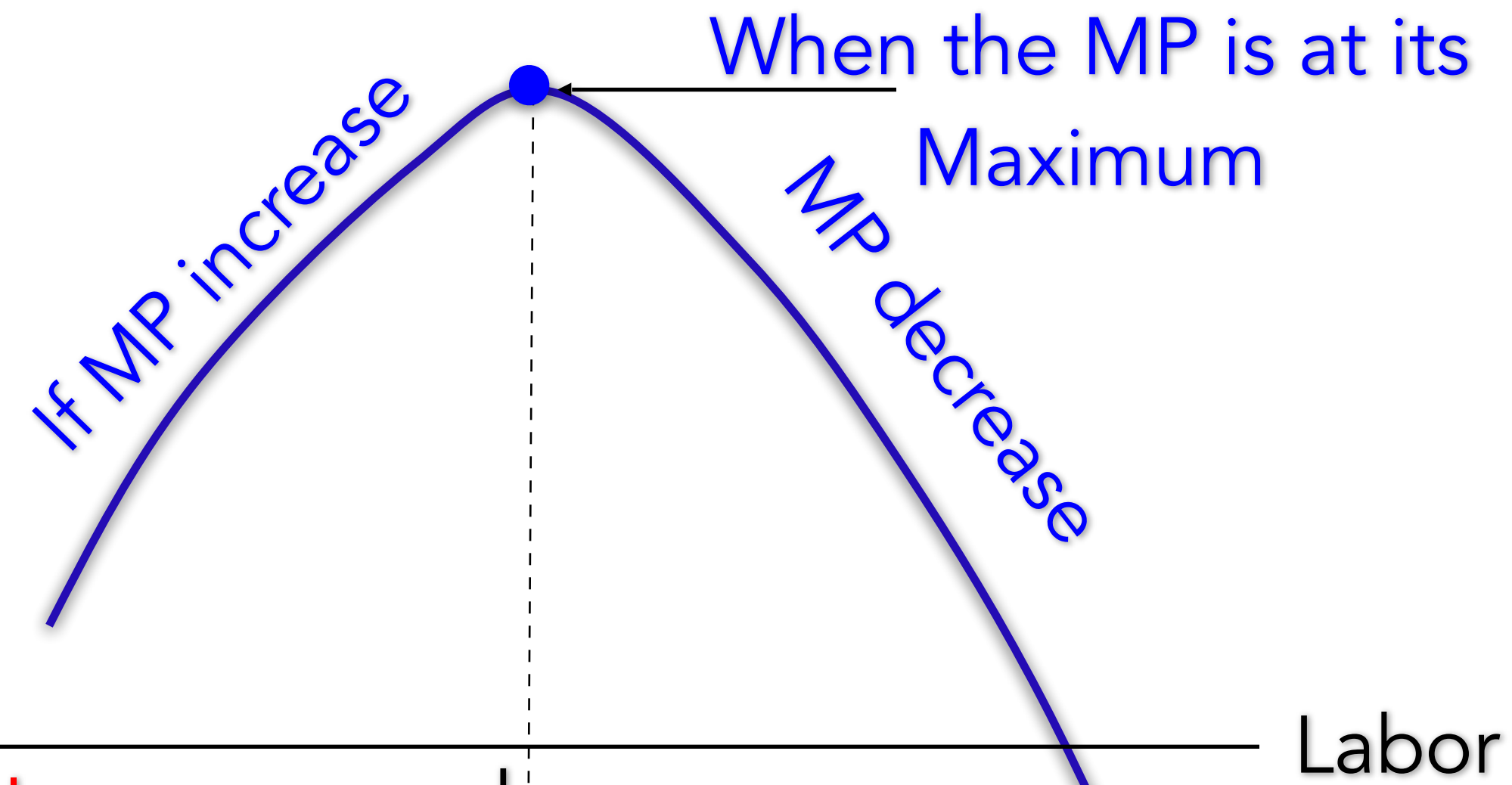






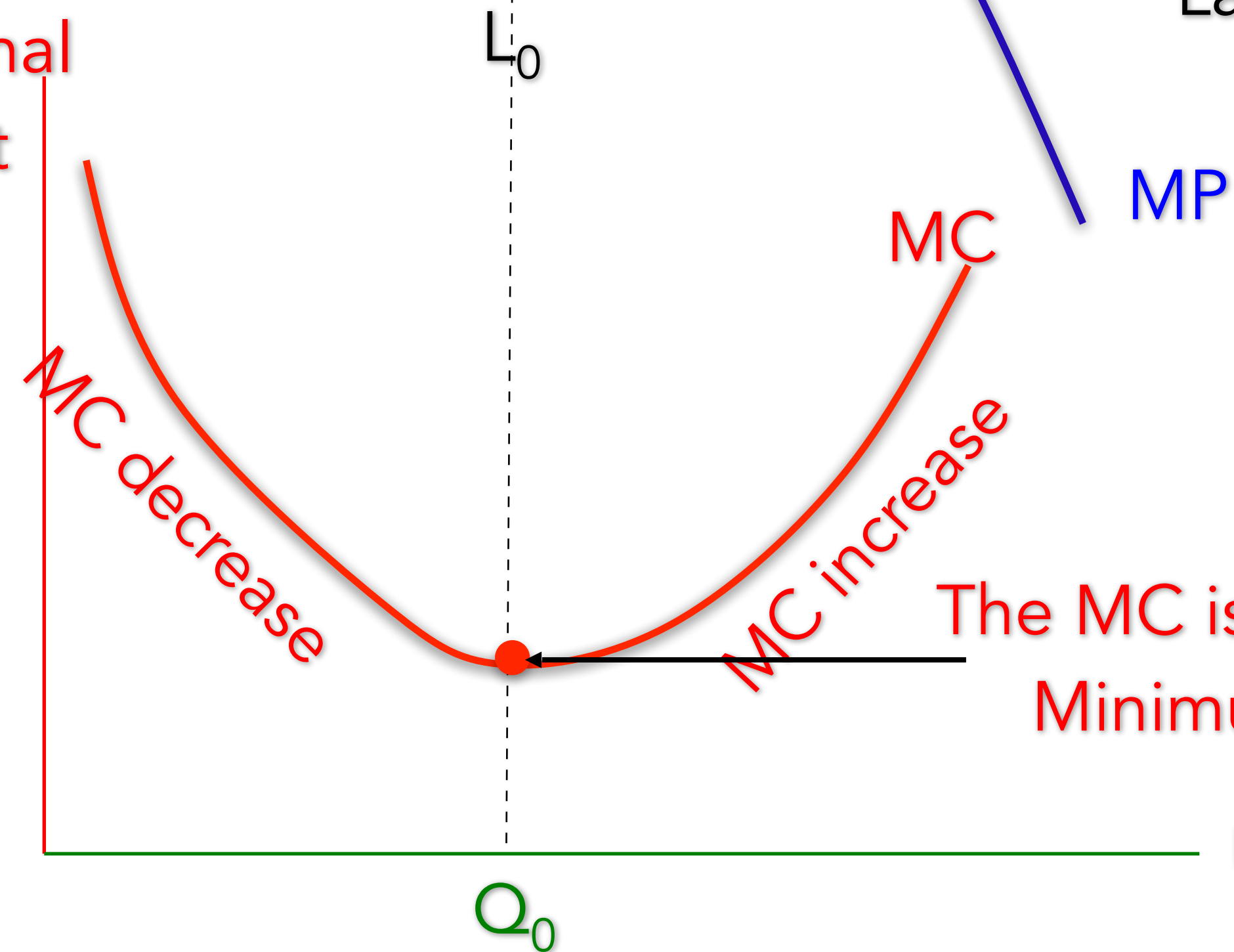


Marginal
Product



Diminishing Returns
to Labor set in

Marginal
Cost



The MC is at its
Minimum

Diminishing Returns
to Labor set in

Units of Output