





MP₂

70



MP₁

50



MP_3

90

$TP_{L=3} =$

$$+ \quad + \quad = 210$$

$$AP_{L=3} = \frac{\quad}{3} = 70$$



MP_2

70



MP_1

50



MP₃

90

$TP_{L=4} =$

$$+ + + = 320$$

$$AP_{L=4} = \frac{\quad}{4} = 70$$



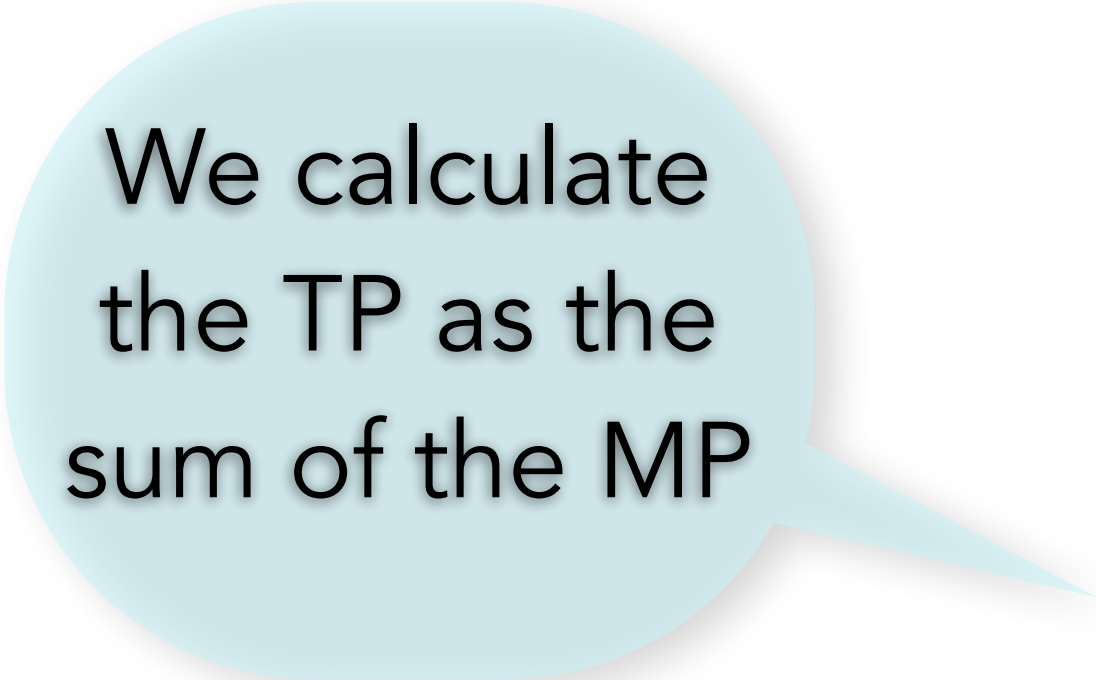
MP₄

70

Suppose we have the **MIP** for three workers:

If the next worker's MIP is equal to that average (70)

Average stays
the same



We calculate
the TP as the
sum of the MP

We calculate

$$AP = TP/L$$

Suppose we have the **MP** for three workers:

We calculate
the TP as the
sum of the MP



$$AP_{L=3} = \frac{TP_{L=3} = 50 + 70 + 90 = 210}{3} = 70$$

We calculate
 $AP = TP/L$

If the next worker's **MP** is equal to that average (70)



$$AP_{L=4} = \frac{TP_{L=4} = 50 + 70 + 90 + 70 = 320}{4} = 70$$

↑
Average stays
the same
↓

The Average/Marginal Rule