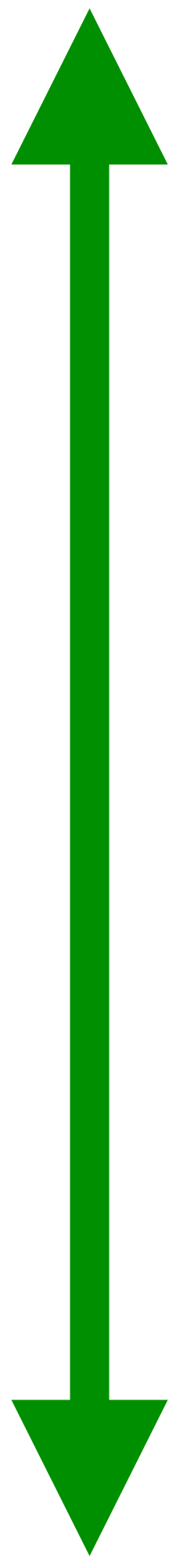


MP_2

70

MP_1

50

MP3

90

$$TP_{L=3} =$$

+
+
= 210

$$AP_{L=3} =$$

3

$- = 70$

MP_2

70

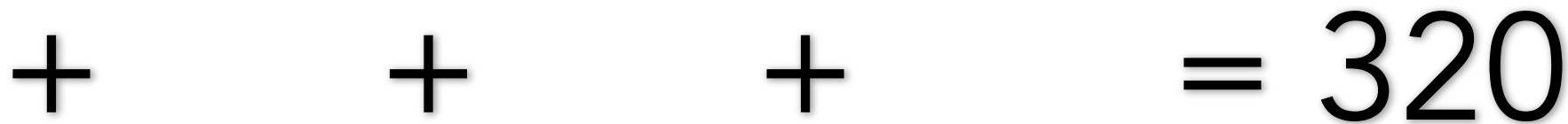
MP_1

50

MP_3

90

$$TP_{L=4} =$$


+
+
+
= 320

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

MP4

70

Suppose we have the MP for three workers:

We calculate the TP as the sum of the MP

We calculate

$AP = TP/L$

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

Average SAME

Suppose we have the MP for three workers:

We calculate the TP as the sum of the MP

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

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

Average SAME

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

The Average/Marginal Rule