

1

2

3

4

5

6

7

8

9

10

11

12







Output



Variable Costs increase
as Output increase



i\$0.40

Decreasing Returns
to Labor set in:



Cost per unit **rise** as the
Marginal Product **decrease**

5



\$0.50

6



\$0.66

7



\$1

88



42

4.56



5.06



6.72



5.72



8.72



Variable Cost

Variable Cost

8.72

6.72

5.72

5.06

4.56

\$2

\$1

\$0.66

\$0.50

\$0.40

Decreasing Returns

to Labor set in: Cost per unit **rise** as the
Marginal Product **decrease**

Variable Costs increase
as Output increase

Output

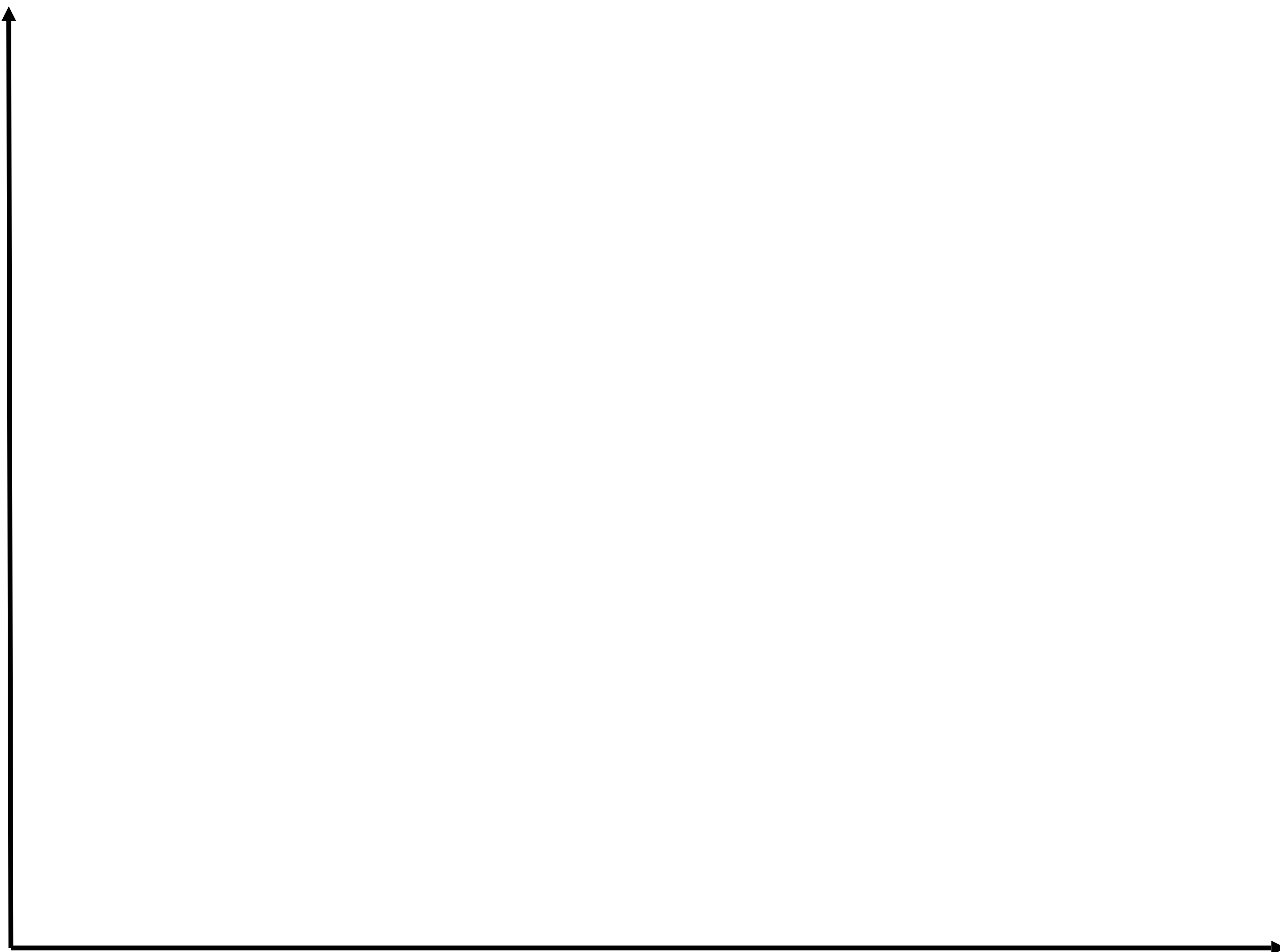
5

6

7

8

9



Output