

MP_{k2}



K_2

MP_{k3}

⋮

K_3

MP_{k1}



K_1

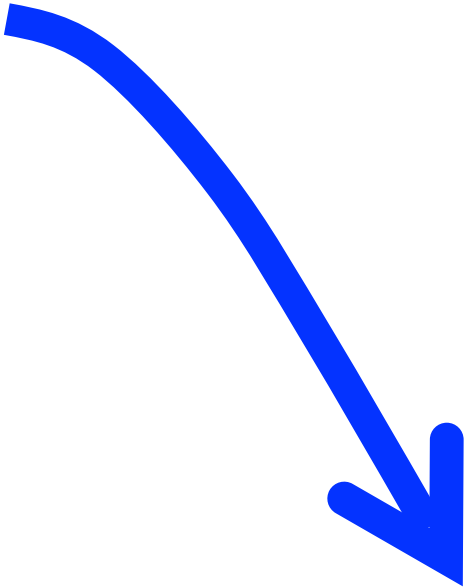


MP_{Capital} Eventually
Decrease

In the Short Run



As the firm brings in
more machines (K)



Diminishing Returns to Capital

MP_k



Capital

In the Short Run



As the firm brings in more machines (K)

