









Output













Cost per unit drops as  
the Marginal Product  
Increase



\$2 = Marginal Cost unit 1

1



$\$0.66 = MC_3$

3



\$1 = MC unit 2

2



$\$0.50 = MC_4$



4



\$0.40 = MC\_5

5



Marginal Cost: Cost of the last unit  
produced

# Marginal Cost

Variable Costs increase with decreasing  
slope

# Marginal Cost

2 . . . .

3

.....

4.16 .....  
.....

3.66

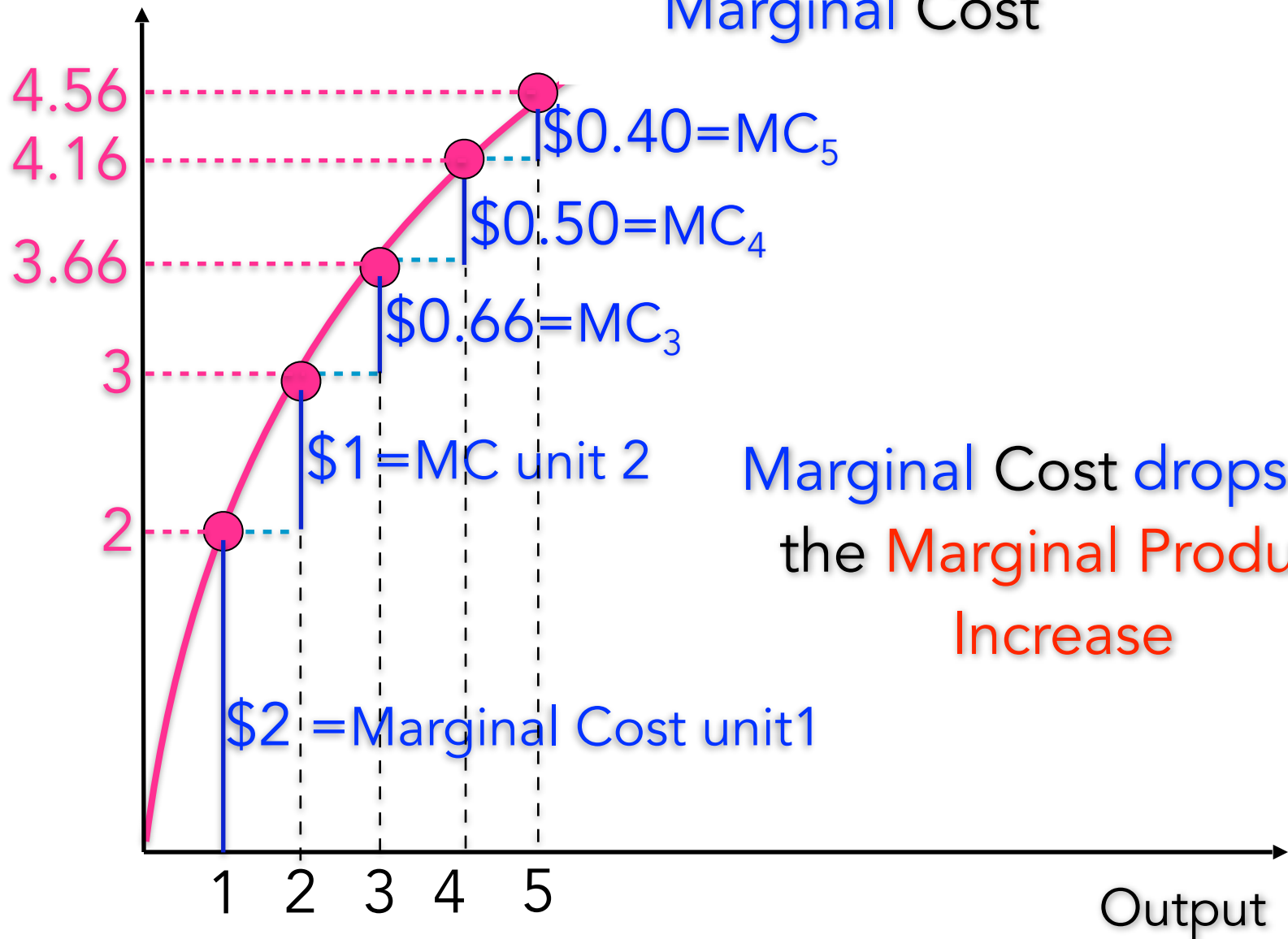
.....



4.56

.....

Variable Costs increase with decreasing  
Marginal Cost



Marginal Cost drops as  
the Marginal Product  
Increase

