

MP_K : Marginal Product of Capital

Increase in **output** resulting from the last machine
purchased (Measured in **units of output**)

MRP_K : Marginal Revenue Product of Capital

Revenue generated by the last machine purchased
(Measured in dollars)

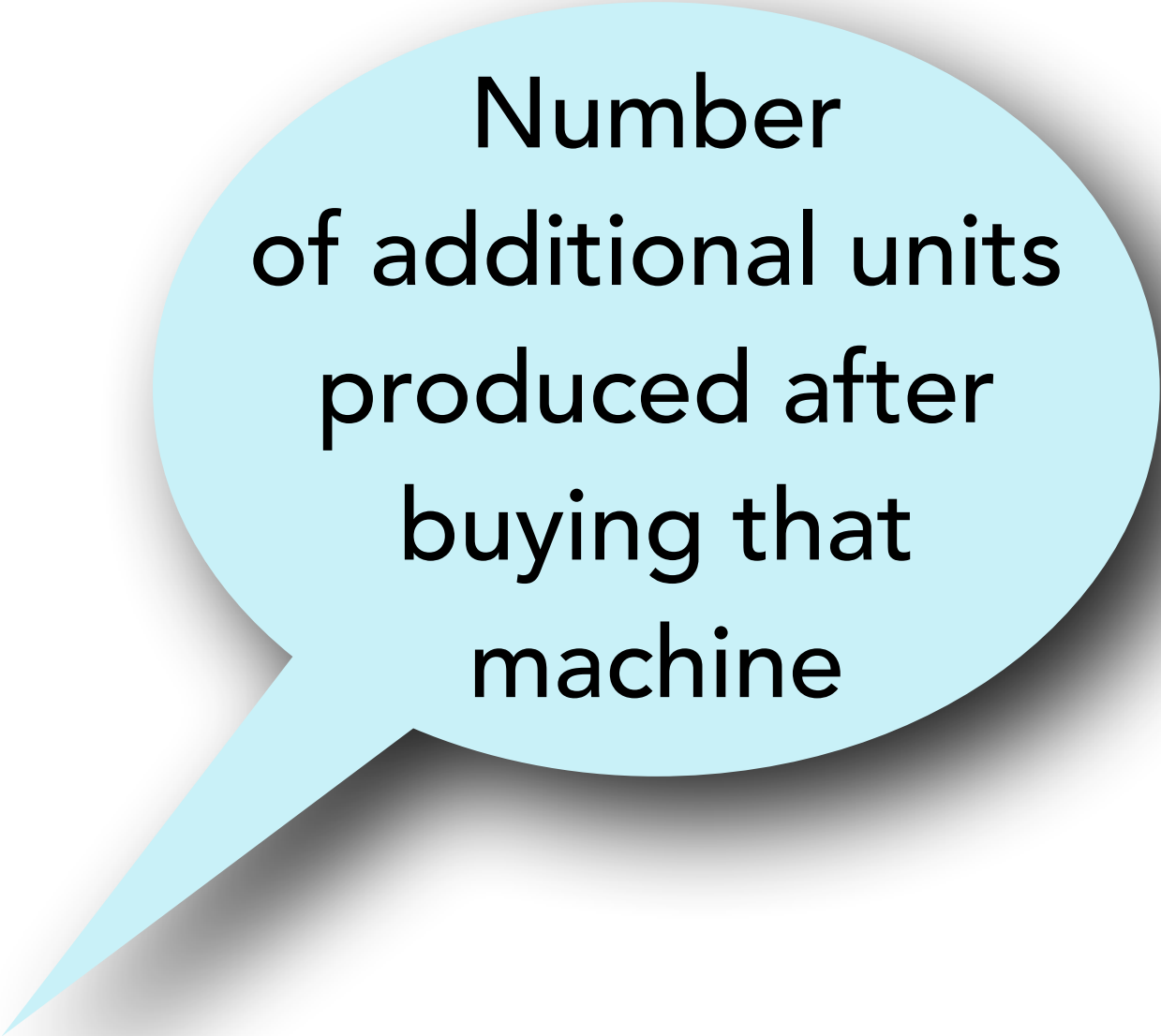
$$MRP_K = MP_K \times \text{Price of output}$$

Change in TP


Change in K

MPK =


$$MP_K = \frac{\Delta TP}{\Delta K}$$



Number
of additional units
produced after
buying that
machine

A pink speech bubble with a tail pointing towards the bottom-left corner. The bubble has a soft drop shadow behind it.

Price at which
those units will be
sold



Revenue the
firms gets from
buying that
machine

MP_K : Marginal Product of Capital

Increase in **output** resulting from the last machine purchased (Measured in **units of output**)

$$MP_K = \frac{\text{Change in TP}}{\text{Change in K}}$$

$$MP_K = \frac{\Delta TP}{\Delta K}$$

Revenue the firm gets from buying that machine

Number of additional units produced after buying that machine

Price at which those units will be sold

$$MRP_K = MP_K \times \text{Price of output}$$

Should this **worker** be hired?