How many machines should be purchased?

K	Total Product
0	0
1	632
2	896
3	1096
4	1264
5	1410
6	1550

Buy a piece of capital if the revenue it generates exceeds Price of Capital: P_K
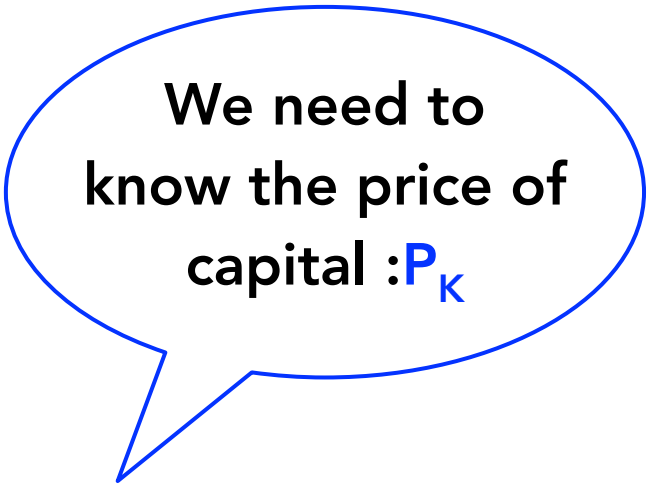
If MRP$_K \geq$ P$_K$ buy

If MRP$_K$ < P$_K$ do not buy

Do not buy a piece of capital if the revenue it generates is less than Price of Capital: P_K

We need to calculate the MRP_K

If we have 5 workers: L = 5

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We need to calculate the MRP$_K$

We need to know the price of capital : P$_K$

... price o... ...t genera... ...ce of Capital. P$_K$

If MRP$_K$ **≥** P$_K$ buy

Do not buy a piece of capital if the revenue it generates is less than Price of Capital: P$_K$

If MRP$_K$ **<** P$_K$ do not buy

How many machines should be purchased?

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