

$MP_K = 30 \text{ units}$

Price of output = \$10

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

$$MRP_K = 30 \text{ units} \times \$10$$

Revenue generated by that machine: $MRP_K = \$300$

Buy this machine if the

revenue it generates

exceeds the Price of Capital

(P_K)

Should this machine be purchased?

Hire this worker if his/her

$MRP_K > \text{Price of Capital } (P_K)$

If Price of Capital (P_K) $<$ \$300 \longrightarrow Buy the machine

If Price of Capital (P_K) $>$ \$300 \longrightarrow Do not buy the machine

Should this machine be purchased?

$$MP_K = 30 \text{ units}$$

$$\text{Price of output} = \$10$$

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

$$MRP_K = 30 \text{ units} \times \$10$$

Hire this worker if his/her
 $MRP_K > \text{Price of Capital } (P_K)$

Revenue generated by that machine: $MRP_K = \$300$

If $\text{Price of Capital } (P_K) < \$300 \longrightarrow$ Buy the machine

If $\text{Price of Capital } (P_K) > \$300 \longrightarrow$ Do not buy the machine

Possible **Input** Combinations