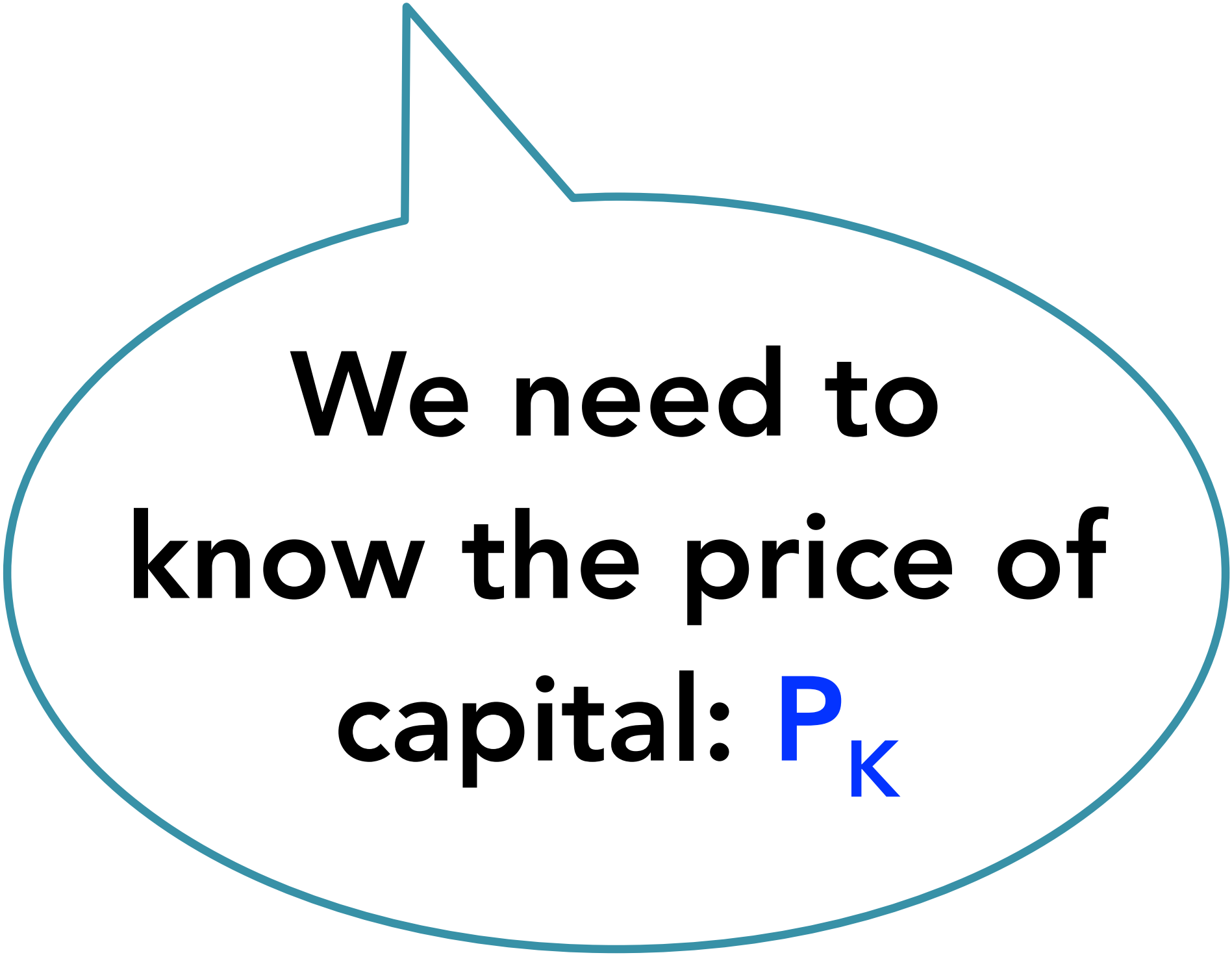
K	MP_K	MRP_K
0		
1	632	18,960
2	264	7,920
3	200	6,000
4	168	5,040
5	146	4,380
6	140	4,200

If $MRP_K \geq P_K$ **buy**

If $MRP_K < P_K$ do not buy

Price of capital = $6,000


We need to know the price of capital: P_K

Price of capital is always given

> $6,000 buy machine #1

> $6,000 buy machine #2

= $6,000 buy machine #3

< $6,000 do not buy machine #4

< $6,000 do not buy machine #5

< $6,000 do not buy machine #6

If we have 5 workers, we should buy 3 machines

If $MRP_K \geq P_K$ **buy**

If $MRP_K < P_K$ **do not buy**

K	MP_K	MRP_K	If we have 5 workers, we should buy 3 machines
0			
1	632	18,960	> $6,000 buy machine #1
2	264	7,920	> $6,000 buy machine #2
3	200	6,000	= $6,000 buy machine #3
4	168	5,040	< $6,000 do not buy machine #4
5	146	4,380	< $6,000 do not buy machine #5
6	140	4,200	< $6,000 do not buy machine #6

Price of capital = $6,000

Possible Output Levels

Capital (K)	Labor (L) = 1	2	3	4	5	6
6	692	980	1200	1384	1550	1692
5	632	896	1096	1264	1410	1550
4	564	800	960	1128	1264	1384
3	490	692	846	980	1096	1200
2	400	564	692	800	896	980
1	282	400	490	564	632	692