









Output









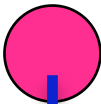




Cost per unit drops as  
the Marginal Product  
Increase



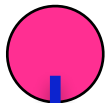
\$2 = Marginal Cost unit 1



$$\$0.66 = MC_3$$

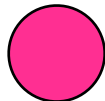


3



\$1 = MC unit 2

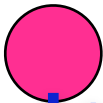
2



$\$0.50 = MC_4$



4



$\$0.40 = MC_5$



5



**Marginal Cost:** Cost of the  
last unit produced

Variable Costs increase with decreasing slope

2 . . . .

3



4.16 - - - - -

3.66 - - - - -

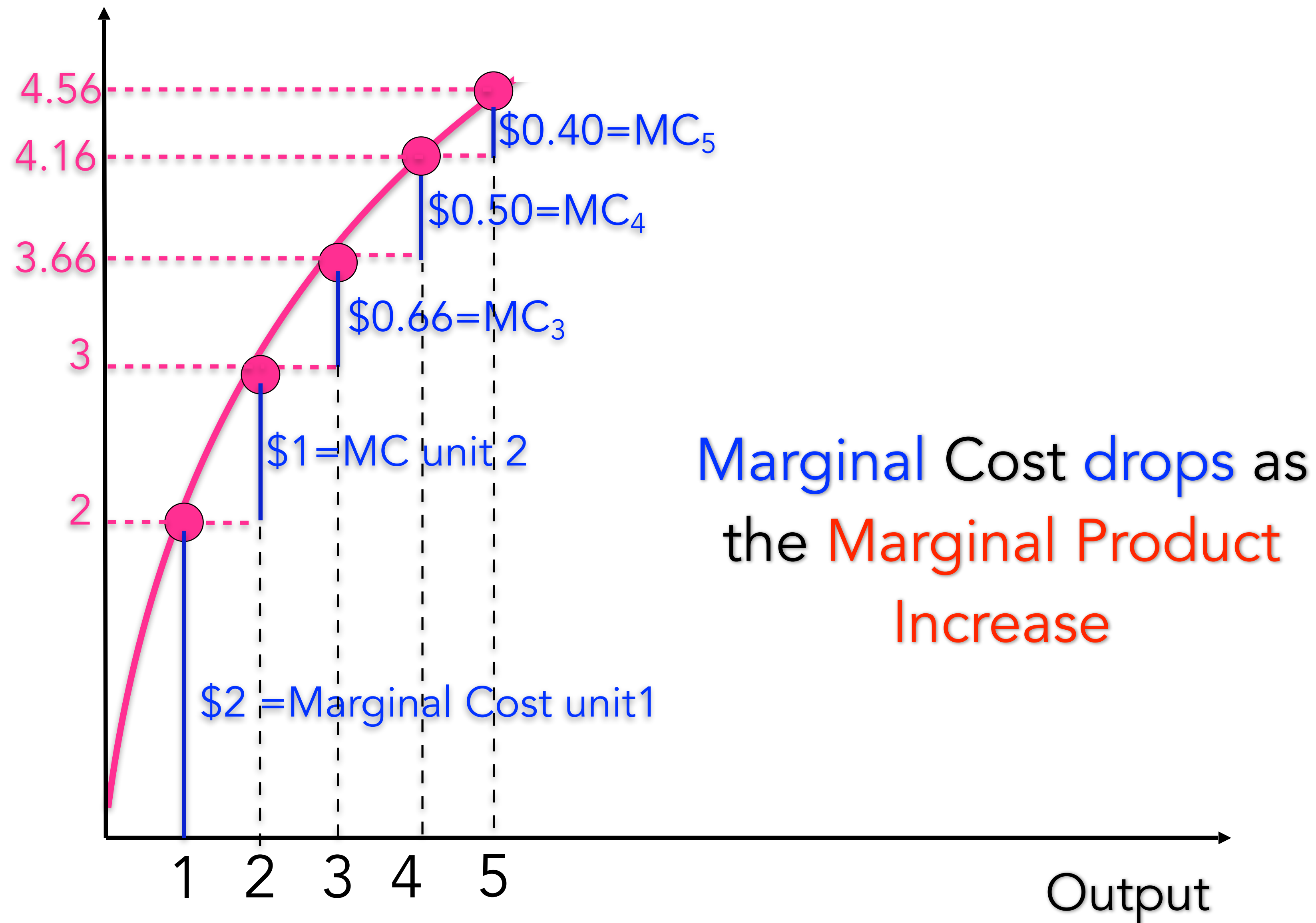
4.56.....

Marginal Cost drops as  
the Marginal Product  
Increase



Marginal Cost

Variable Costs increase with decreasing Marginal Cost



Variable Cost

