|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **No Of Workers** | **Total Product** | **Marginal Product (Total Product x - Total Product y)** | **Marginal Revenue** | **Marginal Revenue Product (MR x MP)** | **Marginal Cost** | **Total Revenue** | **Total Cost** | **Profit** |
| 1 | 12 | 12 | 5 | 60 | 100 | 60 | 100 | -40 |
| 2 | 26 | 14 | 5 | 70 | 100 | 130 | 200 | -70 |
| 3 | 50 | 24 | 5 | 120 | 100 | 250 | 300 | -50 |
| 4 | 90 | 40 | 5 | 200 | 100 | 450 | 400 | 50 |
| 5 | 140 |  |  |  |  |  |  |  |
| 6 | 200 |  |  |  |  |  |  |  |
| 7 | 254 |  |  |  |  |  |  |  |
| 8 | 304 |  |  |  |  |  |  |  |
| 9 | 340 |  |  |  |  |  |  |  |
| 10 | 358 |  |  |  |  |  |  |  |
| 11 | 374 |  |  |  |  |  |  |  |
| 12 | 378 |  |  |  |  |  |  |  |

**Law Of Diminishing Returns: Labour Markets**

***1. John Lewis has asked you, as chief economist, to estimate the optimum number of employees to employ in the menswear dept. The constant marginal revenue is £5 per unit and the constant wage rate is £100 per worker per week.***

***2. Having completed the table you are now to write about any relationships you notice within the table above. If you are unsure the next task may be of help.***

***3. You are now to draw a graph which shows the relationship between the number of workers John Lewis hires in the menswear department and the MRP. Use this graph to comment on any relationships you may notice.***

***4. Plot profit on the same graph and comment on any relationships you notice. At which point should John Lewis stop employing more people in the menswear department?***