Cost of fertilizer = $300 / ton Price each bushel of

corn sold = $2.00

|  |  |
| --- | --- |
| Fertilizer (in tons)  Q input | Corn Bushels (TP)  Q output |
| 0 | 1000 |
| 1 | 1250 |
| 2 | 1550 |
| 3 | 1900 |
| 4 | 2200 |
| 5 | 2450 |
| 6 | 2600 |
| 7 | 2650 |
| 8 | 2650 |
| 9 | 2600 |

What is the Marginal Revenue Product of the 3rd ton of fertilizer?

At what point does the Law of Diminishing Marginal Returns kick in?

How many tons of fertilizer should this farm use to maximize revenues?