

MRTS (like MRS)

- Reflects the tradeoff needed to keep quantity produced constant

• When inputs optimized, $MRTS = -\text{slope}$

isocost
curve*

$$\frac{MP_L}{W} = \frac{MP_K}{R}$$

$$\frac{MP_L}{MP_K} = \frac{W}{R}$$

Slope
of
isocost
curve

↙
Marginal rate
of Technical substitution
 $MRTS_{LK}$

