Quiz 9

Your name and student ID number

$\Leftarrow$ Name of the student on your left

Name of the student on your right $\Rightarrow$


Quiz 9

You probably have been wondering how Attila earns the income that later he spends on *exes* and *whys*. Well, he is the proud owner of a highly profitable business. His secret lies in the technology: he essentially combines two (really cheap) inputs, x_1 and x_2, and sells the output y (at an exorbitant price).

Attila's factory is able to produce each unit of output, y, by combining two units of x_1 with three units of x_2. That is, Attila uses two inputs in fixed proportions.

- In the graph below, draw an isoquant showing the combinations of input that give exactly ten units of output.
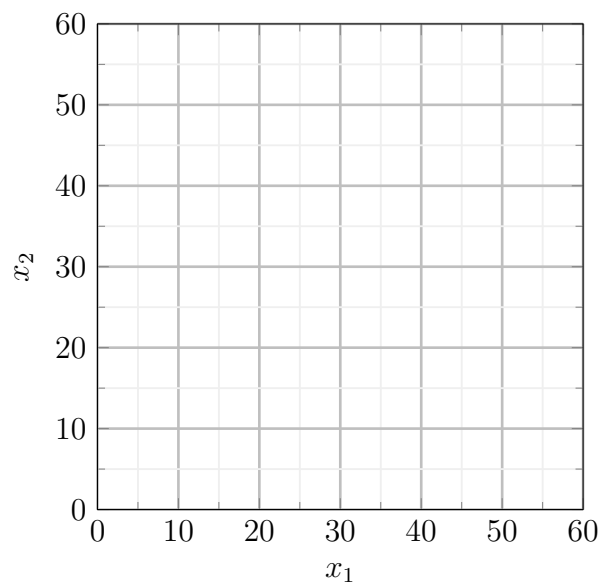
- Write the Mathematical formula that describes Attila's technology.

$y = F(x_1, x_2) =$

- Is Attila's technology monotonic? Why?

- Is Attila's technology convex? Why?

- Does Attila's technology exhibit decreasing, constant, or increasing returns to scale? Why?