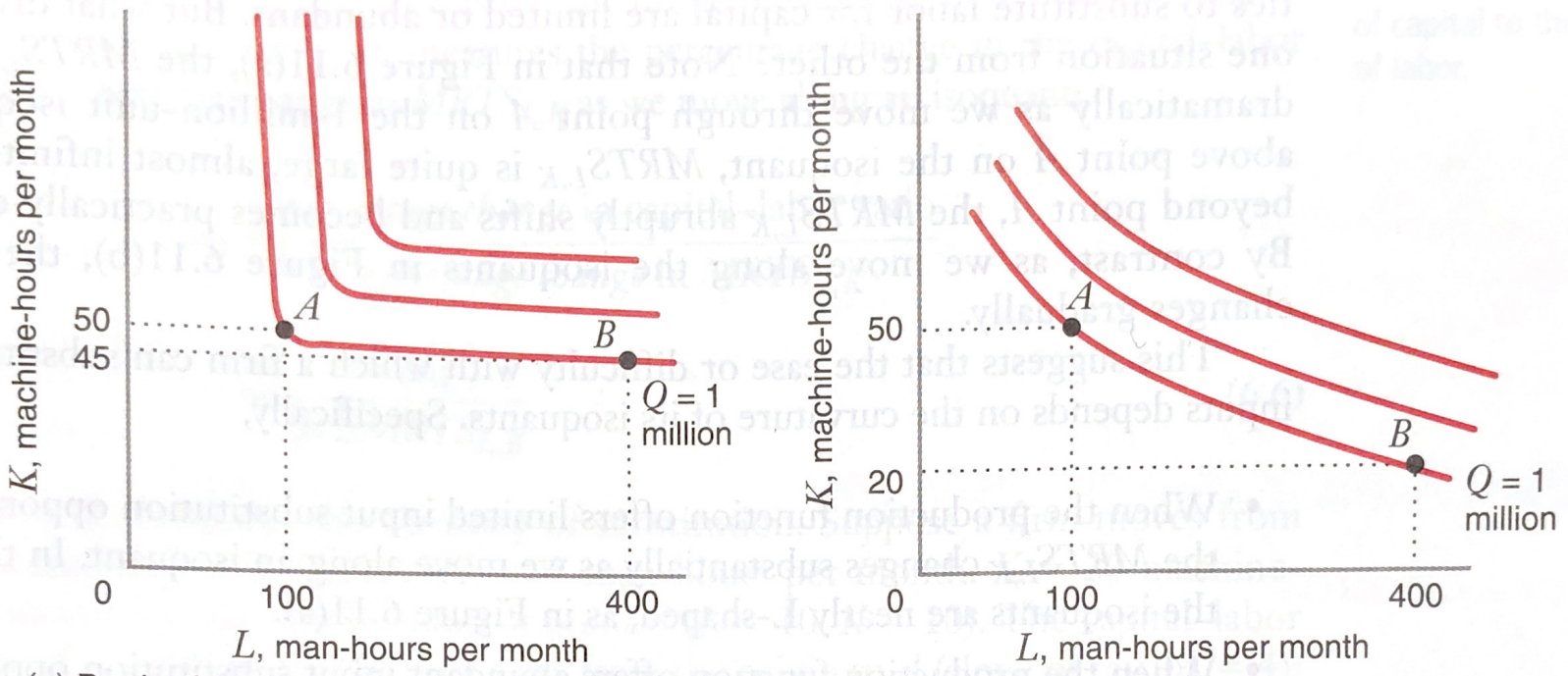

FIGURE 6.11 **Input Substitution Opportunities and the Shape of Isoquants**
In panel (a), start from point *A* and move along the isoquant $Q = 1$ million (i.e., holding output constant). If the firm increases one input significantly (either *L* or *K*), it will only be able to reduce the other input by a small amount. The firm is in a position where there is virtually no substitutability between labor and capital. By contrast, in panel (b) the firm has abundant substitution opportunities—that is, a significant increase in one input would allow the firm to reduce the other input by a significant amount, holding output constant.