

$$f(K, L) = 10K + 5L$$

$$MRTS_{LK} = \frac{MP_L}{MP_K} = \frac{5}{10} = \frac{1}{2}$$

$$MP_L = \frac{\partial f(\cdot)}{\partial L} = 5$$

$$MP_K = \frac{\partial f(\cdot)}{\partial K} = 10$$

$$f(L, K) = \underline{2K + 15L}$$

$$\underline{f(\lambda L, \lambda K)}$$

$$2(\lambda K) + 15(\lambda L)$$

$$2\lambda K + 15\lambda L$$

$$\lambda(2K + 15L) =$$

$$\lambda f(L, K)$$

constant
returns
to scale

$$\lambda f(L, K)$$

$$f(L, K) = \min\{3K, 4L\}$$

$$f(\lambda L, \lambda K) = \min\{3(\lambda K), 4(\lambda L)\}$$

$$= \min\{3\lambda K, 4\lambda L\}$$

$$= \lambda \underbrace{\min\{3K, 4L\}}$$

$$= \lambda f(L, K)$$

CRS

$$f(L, K) = 15 K^{0.5} L^{0.4}$$

$$f(\lambda L, \lambda K) = 15 (\lambda K)^{0.5} (\lambda L)^{0.4}$$

$$= 15 \lambda^{0.5} K^{0.5} \lambda^{0.4} L^{0.4}$$

$$= \lambda^{0.9} \underbrace{15 K^{0.5} L^{0.4}}$$

$$\underbrace{\lambda^{0.9} f(L, K)} < \underbrace{\lambda f(L, K)}$$

DRS