Production
First homework

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1   Cobb-Douglas

The production function is

$$y = K^\alpha L^\beta \tag{1}$$

In this work we need build a linear model.

2   RMST

Remember that

$$f(K, L) = y \tag{2}$$

$$RMST = df(K, L) = 0 \tag{3}$$

How many of one factor we must reduce with uses more the another to handle constant the production?.

- What is the importance of the capital and labor over the production?

- Compute the relation technical change for two points and interpret it.

- What is the homogenity degree ? (Hint: give it a economic context)

- How we can interpet R^2.

The database is avaliable (**here**)