

pujshield-eps-converted-to.pdf

# Production

## *First homework*

*Iván A. Trujillo A.*  
PONTIFICIA UNIVERSIDAD JAVERIANA  
FACULTAD DE INGENIERÍA

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## 1 Cobb-Douglas

The production function is

$$y = K^\alpha L^\beta \quad (1)$$

In this work we need build a linear model.

## 2 RMST

Remember that

$$f(K, L) = y \quad (2)$$

$$RMST = df(K, L) = 0 \quad (3)$$

*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 homogeneity degree ? (Hint: give it a economic context)
- How we can interpet  $R^2$ .

The database is avaiable (**here**)