













Firms bring in more  
workers (Labor)


Firms bring in more  
machines (Capital)




To a plant of  
fixed size

To Increase Production in the Short Run

Depending on the prices of  
**Labor** ( $P_L$ ) and **Capital** ( $P_K$ ),  
the firm chooses the best  
combination of **Labor** and  
**Capital**

A large, black-outlined speech bubble with a tail pointing downwards and to the left. Inside the bubble, text is written in a sans-serif font. The text is split across four lines. The first three lines are in black, and the last line contains the words 'uses more capital' in blue, followed by 'than labor' in black.

If labor is more  
expensive than capital,  
the firm **uses more**  
**capital** than labor



If capital is more  
expensive than labor the  
firm **uses more labor**  
than capital

# To Increase Production in the **Short Run**

If capital is more expensive than labor the firm **uses more labor** than capital

Firms bring in more **workers (Labor)**

To a plant of **fixed size**



Depending on the prices of **Labor** ( $P_L$ ) and **Capital** ( $P_K$ ), the firm chooses the best combination of **Labor** and **Capital**

Firms bring in more **machines (Capital)**



Fixed  
plant size

