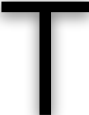




The Production Function

Is the relationship between **inputs**: labor, raw materials,  
tools (capital) and **output**



e





S



U

**S**

W



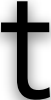
2





S









m

a





m



U

nn



u

**mm**

**b**

e









u





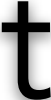














u







2







2



**b**













U















mm

2

9



**V**



n





U

**mm**

**b**

e











n



U



S







S



m









Y





W



W







S





a





**b**

**Y**









**S**















9







**Y**





e









U







a



b





Tells us what is the **maximum** number of units of output that  
can be produced from a given number of inputs

# The Production Function

Is the relationship between **inputs**: labor, raw materials, tools (capital) and **output**

Tells us what is the **maximum** number of units of output that can be produced from a given number of inputs

To **simplify**, we will start by considering only **one input**:  
**Labor**