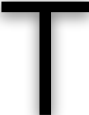


The Production Function

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



e





S

U

S

W

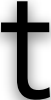


2





S







m

a





m

U

m



u

mm

b

e







u



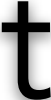














u







2





2



b











U













mm

2

9







n



U

mm

b

e









n



U



S

T



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, 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