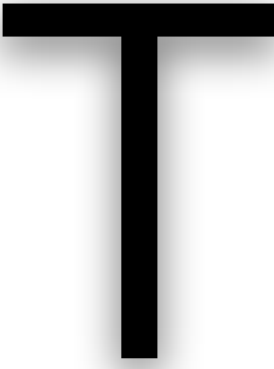
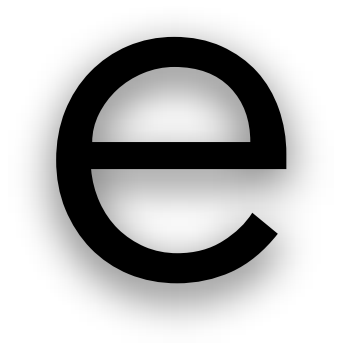
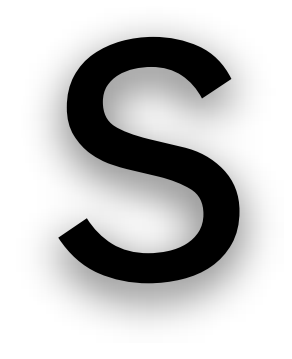
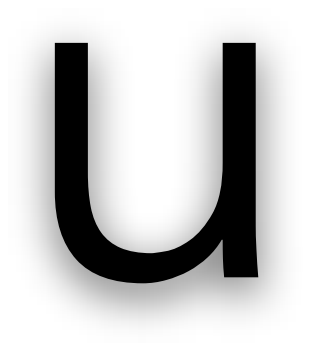
The Production Function

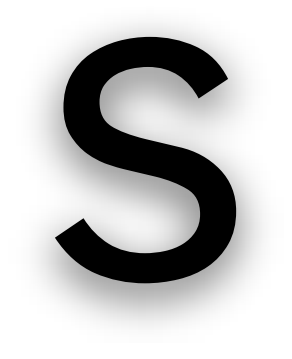
Is the relationship between inputs (labor, raw materials, capital) and output

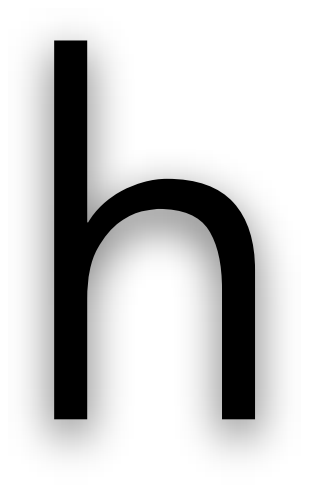


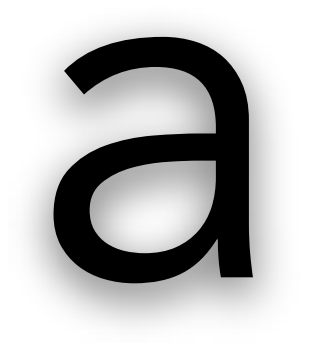


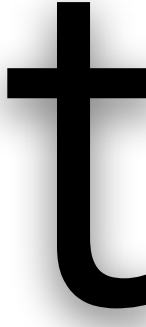


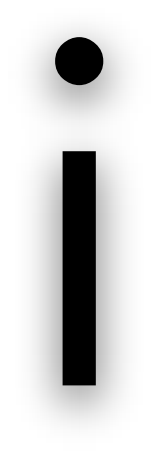


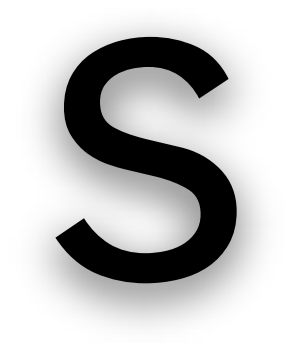

S

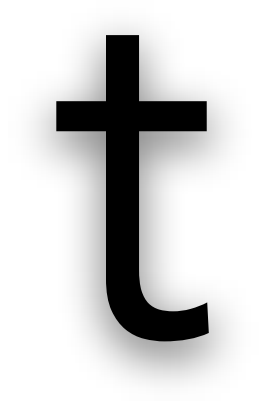


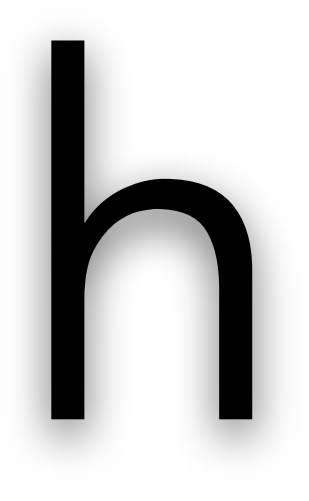

a

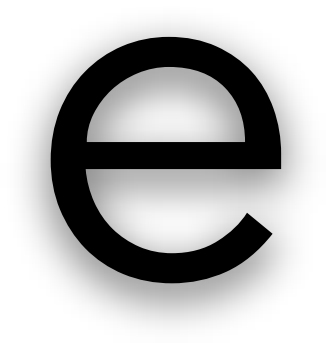




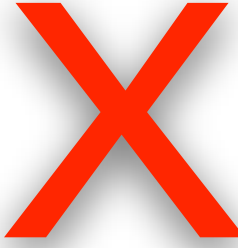


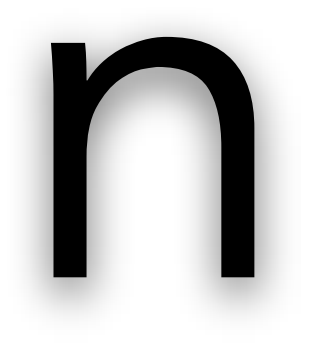


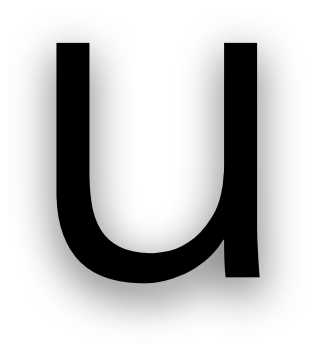


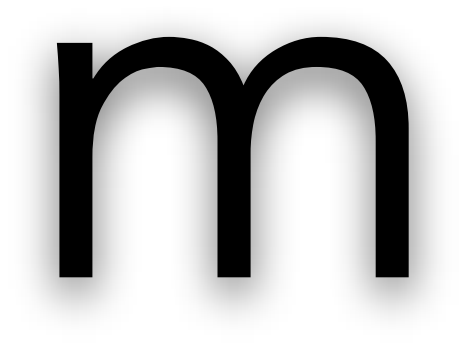


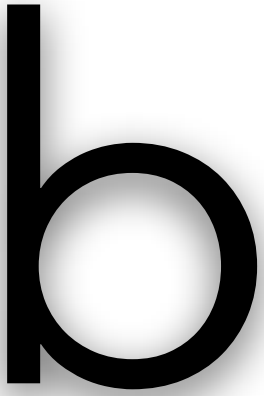
a

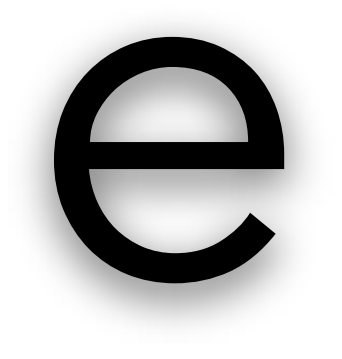


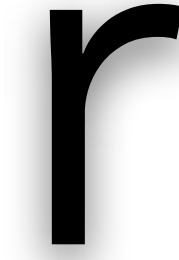


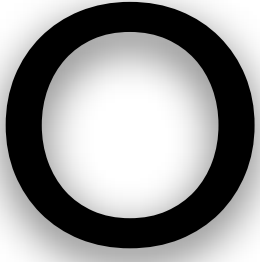


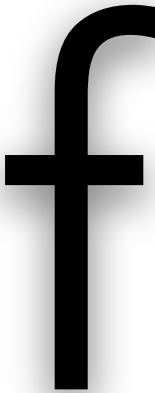


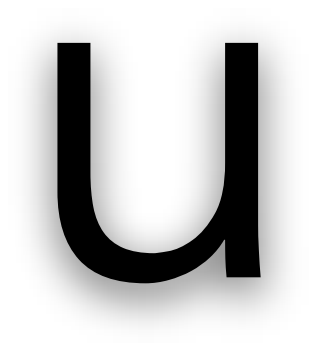


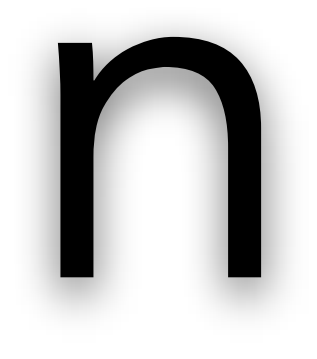


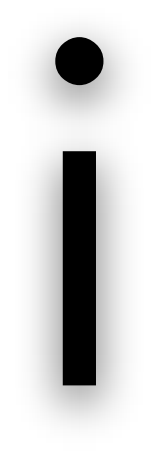


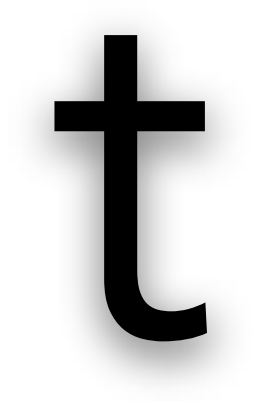


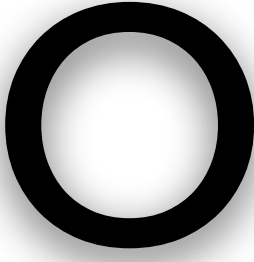


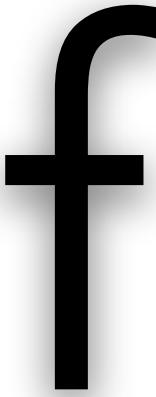


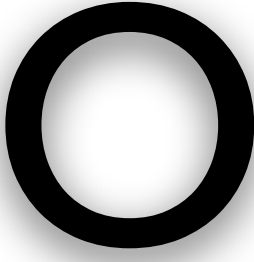


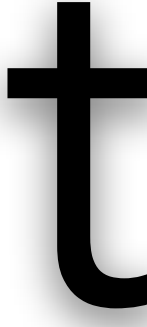


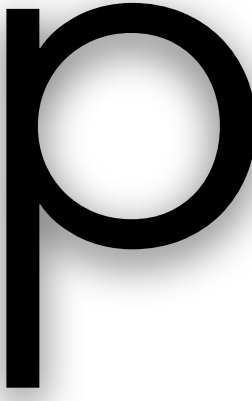


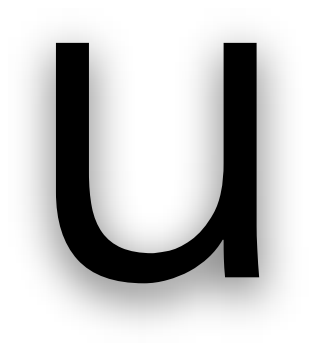


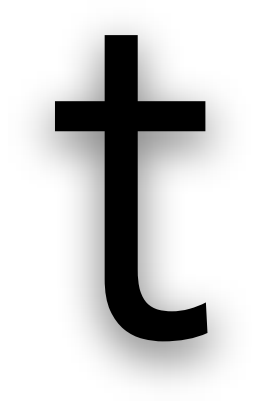


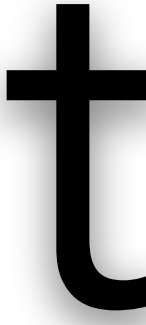


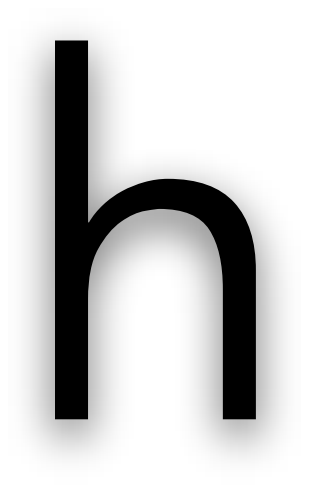


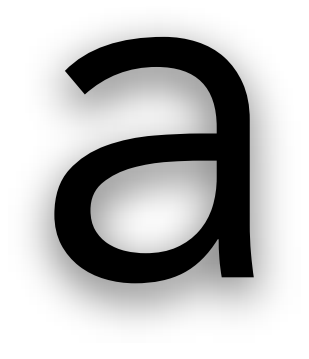


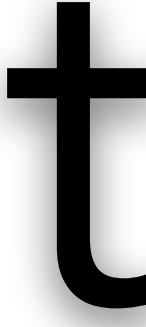


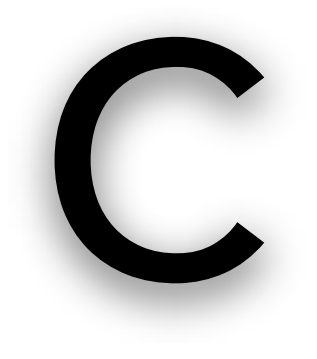


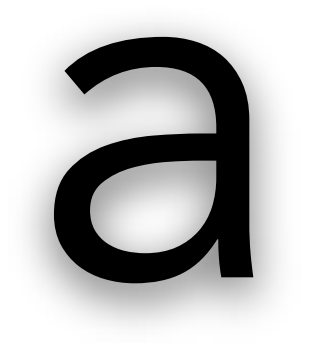


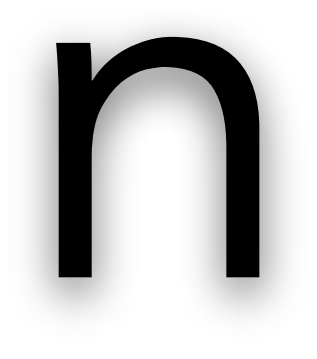


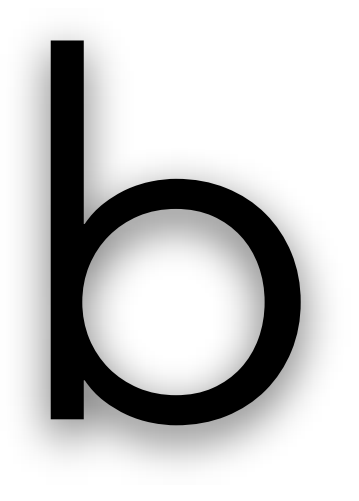

a

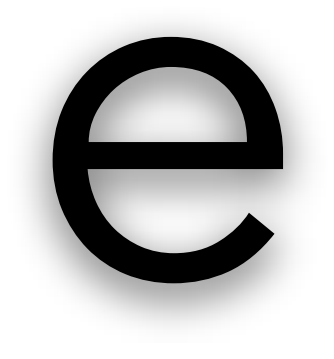


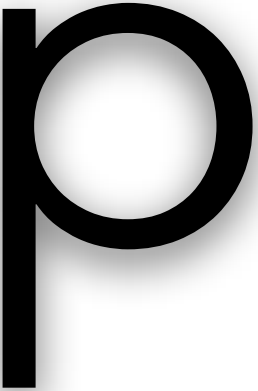

C

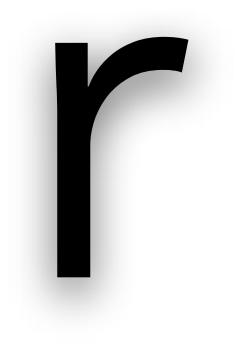

a

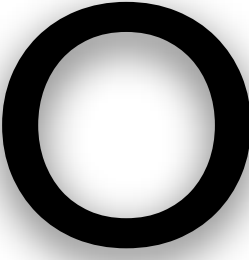


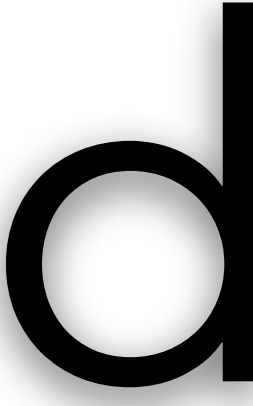


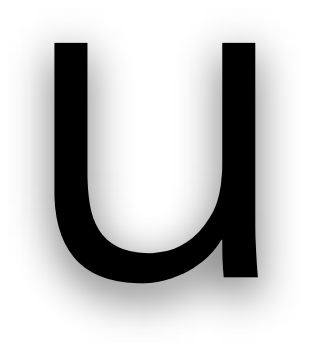

e

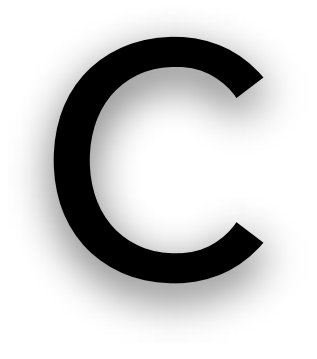


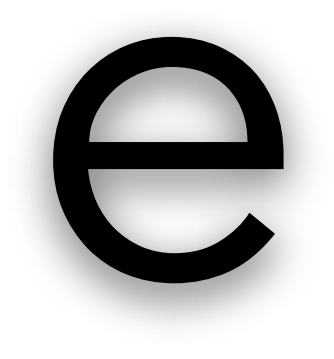


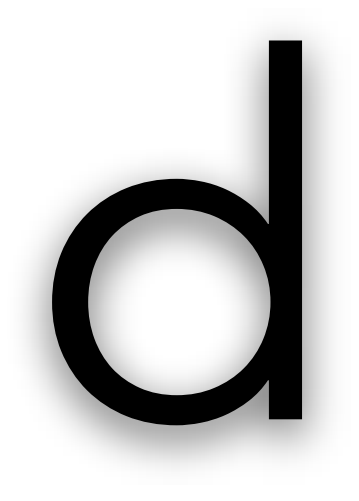


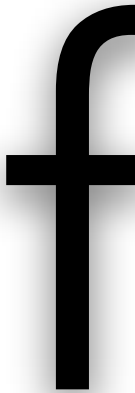


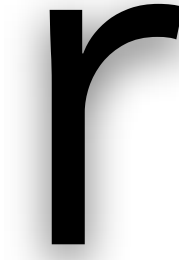


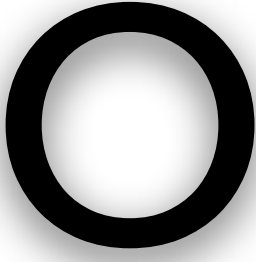

C

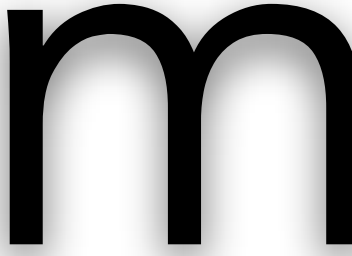


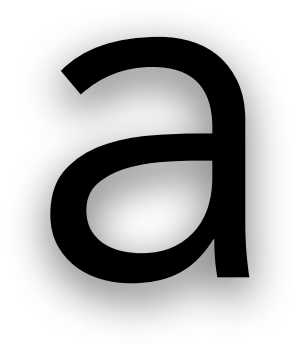


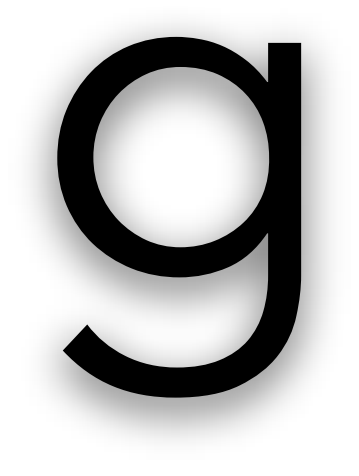


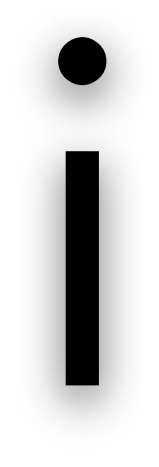


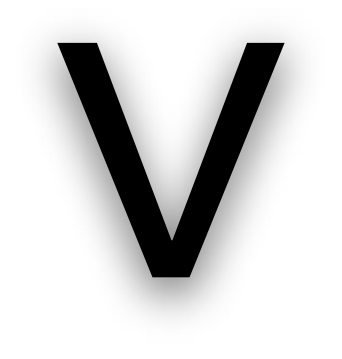


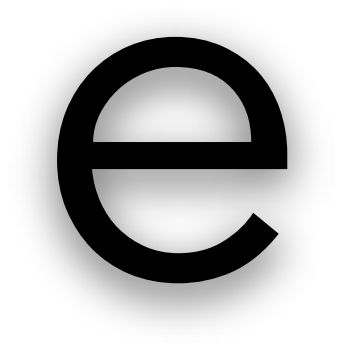


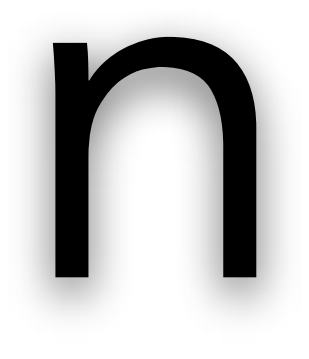

a

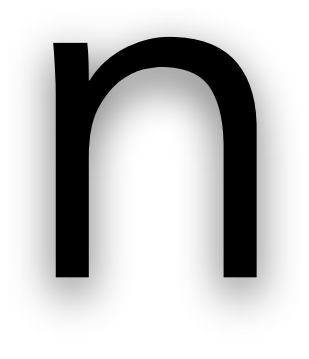


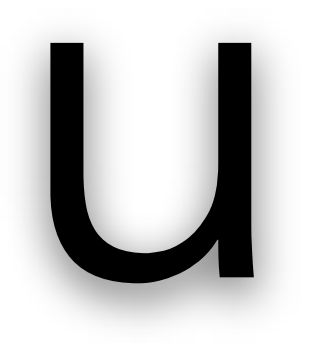


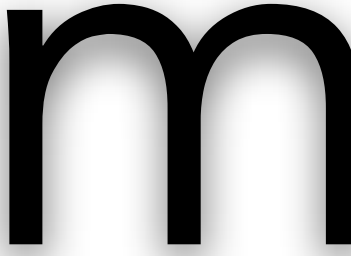


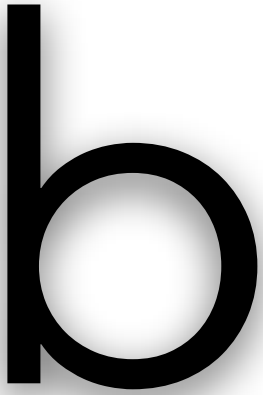


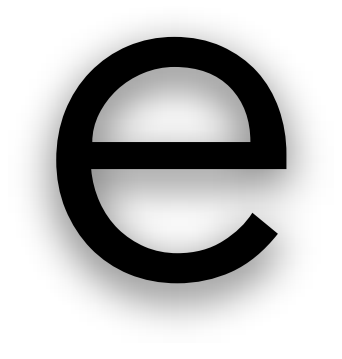




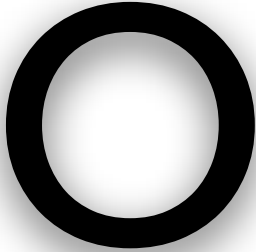


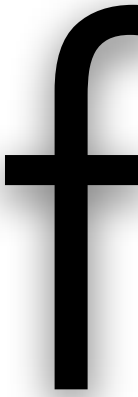


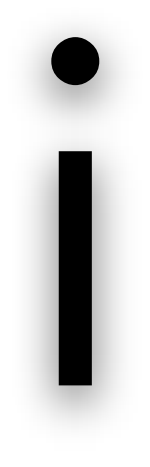


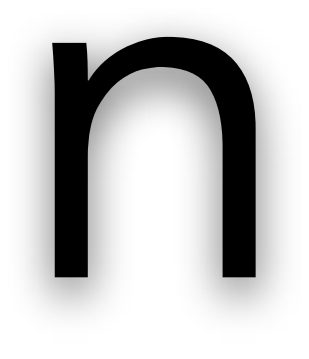

e

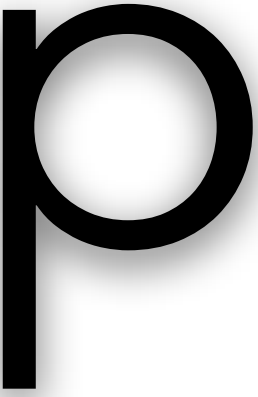
r

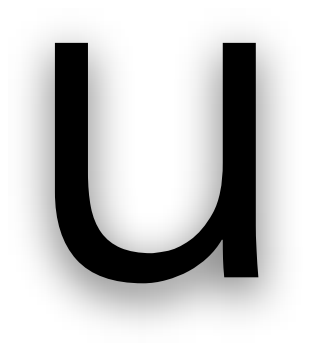


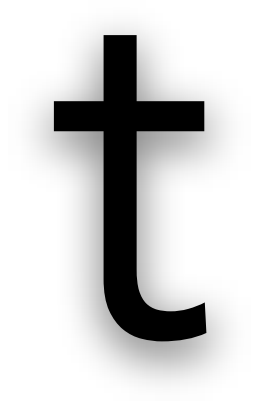


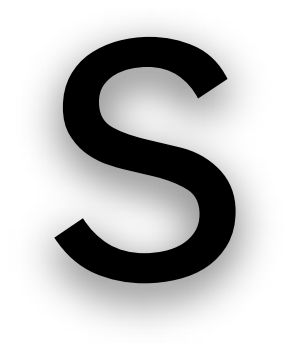


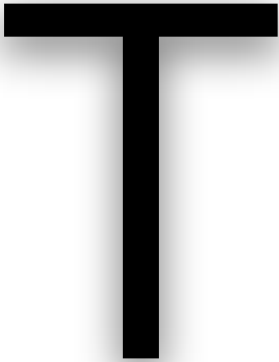


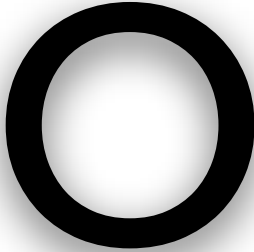




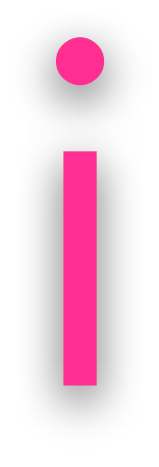


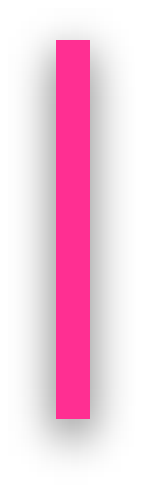

S

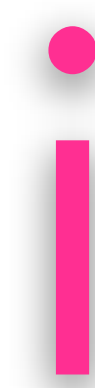


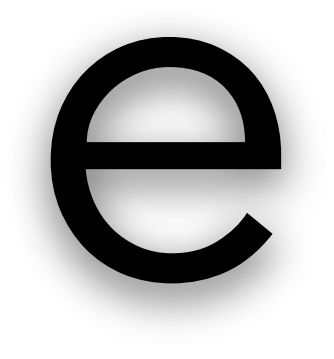


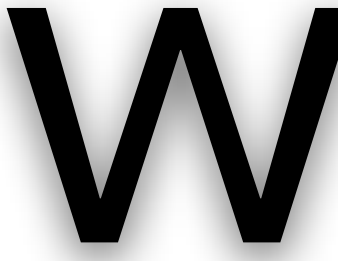
S

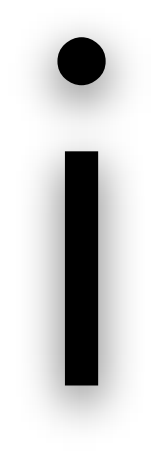


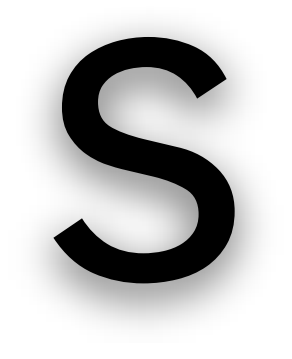


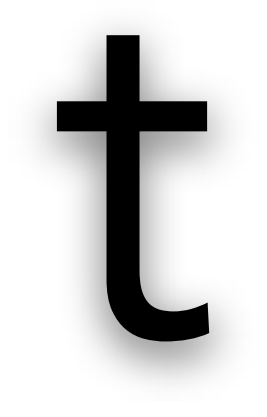


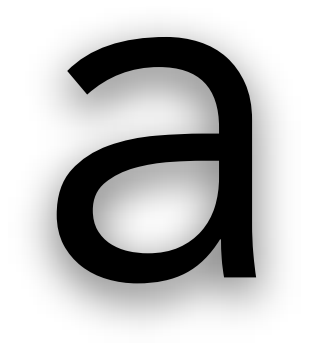


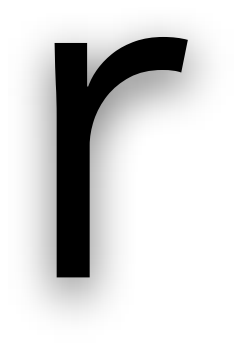


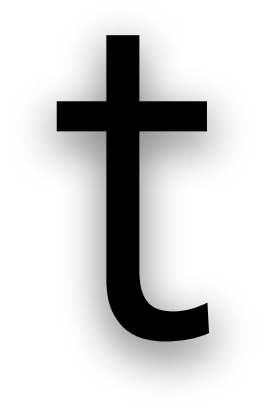


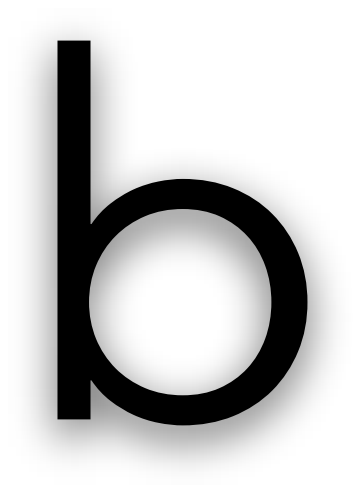

S

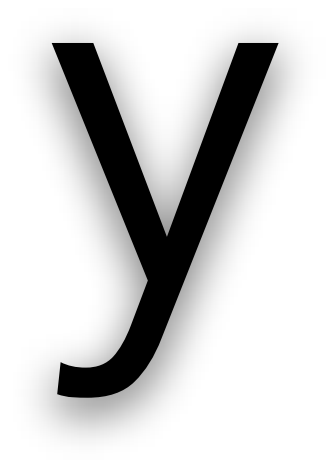


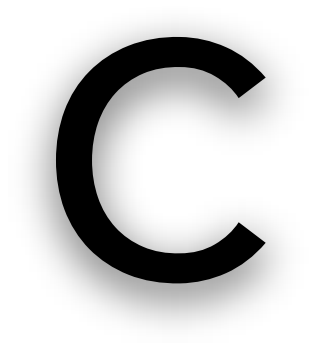

a

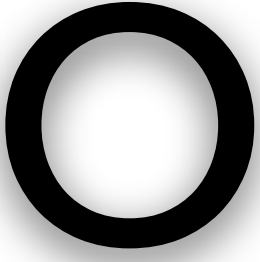


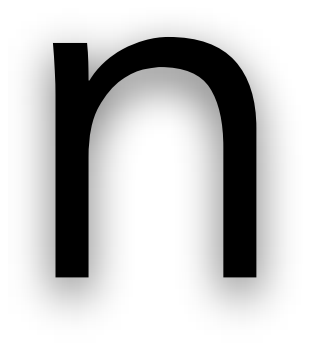


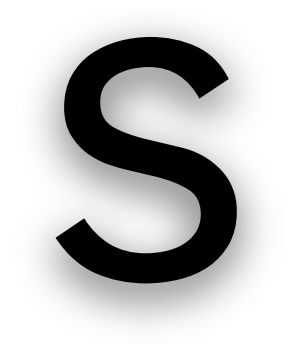


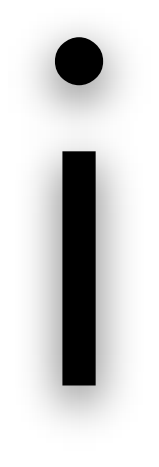

y

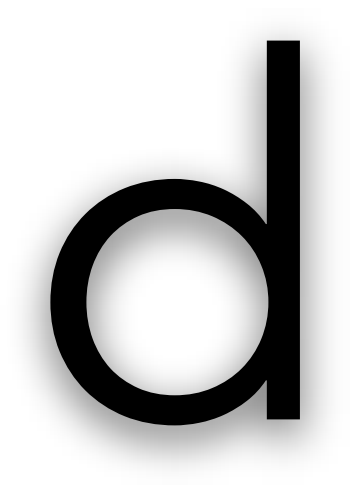

C

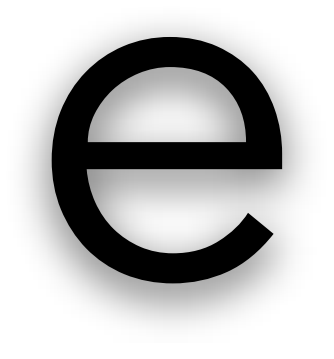


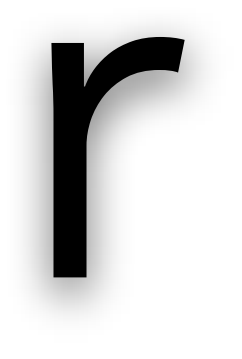


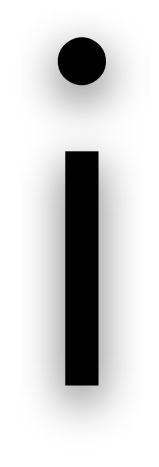

S

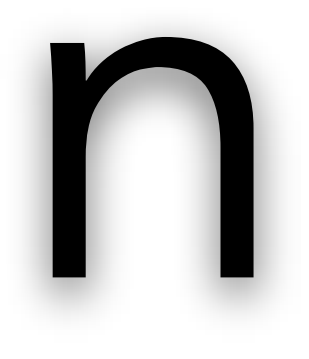


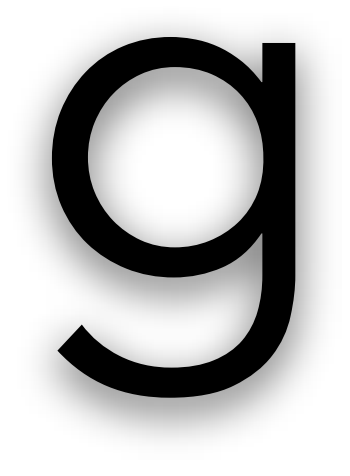


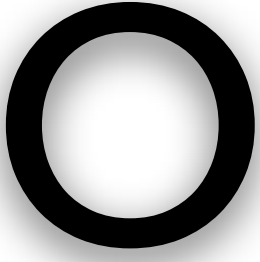


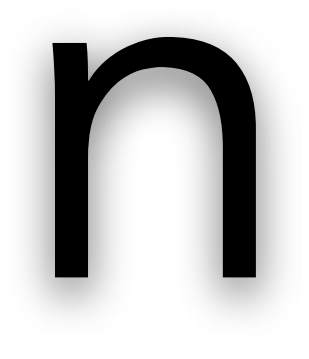


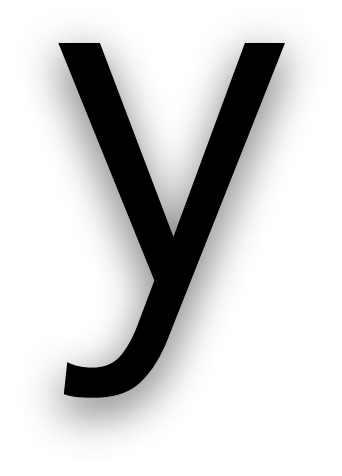


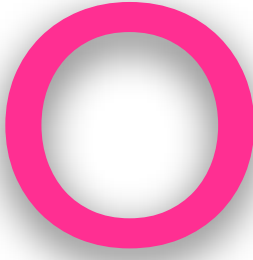


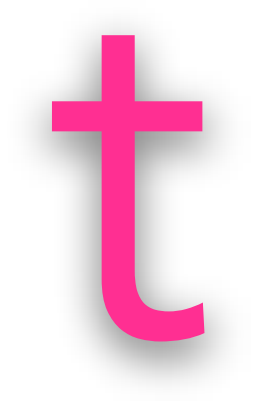




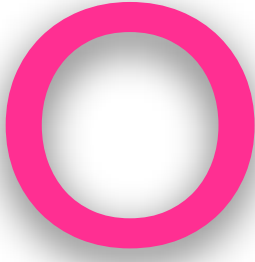


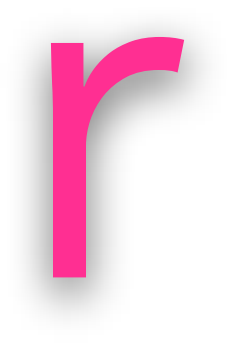






a





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