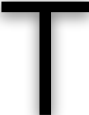


The Production Function

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



e





S

U

S

W

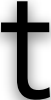


2





S







m

a





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U

nn



u

mm

b

e







u



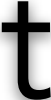














u







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