













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 pointed tail at the bottom center. Inside the bubble, text is written in a sans-serif font. The text is arranged in four lines: 'If labor is more', 'expensive than capital,', 'the firm uses more', and 'capital than labor'. The words 'uses more' and 'capital' are highlighted in blue, while the rest of the text is 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

