Math 128

Quiz 2 – September 18, 2008

Name _____

1. Production at your factory follows the Cobb-Douglas model. That is,

$$P = k \cdot x^{0.6} y^{0.4},$$

where x is the money you spend on labor, and y is the money you spend on capital equipment.

If you have \$10,000 to spend on improving production, how much should you put towards labor, and how much towards capital equipment?