

# Production Technique

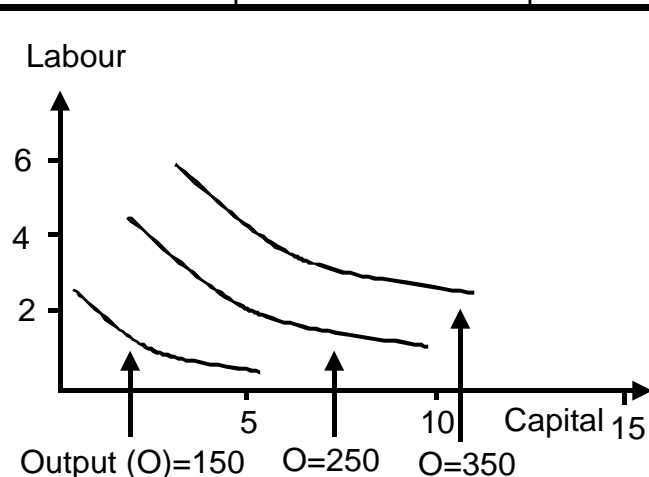
## (isoquants and isocosts)

### 1 Assumptions

- Two factors of production (capital and labour) are used. The prices of these factors are given.
- Different input combinations can be used to produce a certain output.
- To produce a certain output, the factor combination with the lowest cost is chosen.

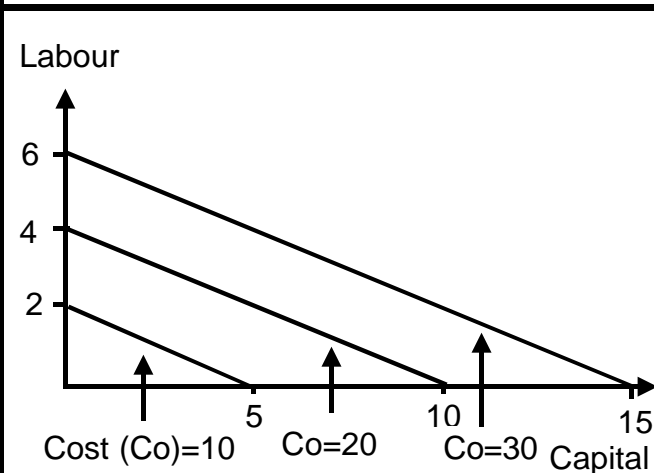
### 2 Isoquant curves

Each isoquant shows different factor combinations to produce x units of output.



### 3 Isocost lines

Each isocost line shows different factor combinations with the same total cost.



### 4 Cost minimization to produce a certain output

