

ECO138 Quiz 4 (May 11, 2018)

ID:

Name:

$\min C(K, L) = 8K + 5L$ subject to $10K^{1/2}L^{1/3} = 200$ ($K > 0, L > 0$)

1. Derive K^* , L^* and λ^* by solving the constrained optimization problem above.

2. Confirm that the found answers in part 1 actually MINIMIZE the cost function. (Just confirm the sign. You do not have to calculate all the values).