FRANCK PORTIER
2016-2017

M1 MACRO

GROUP B

Session 6

These notes are written during class. They are posted "for the record" and may contain mistakes; they are not intented to be read by anyone that did not attend the class.

Economy with 2 firms, 2 inputs

Technology of 1 firm:

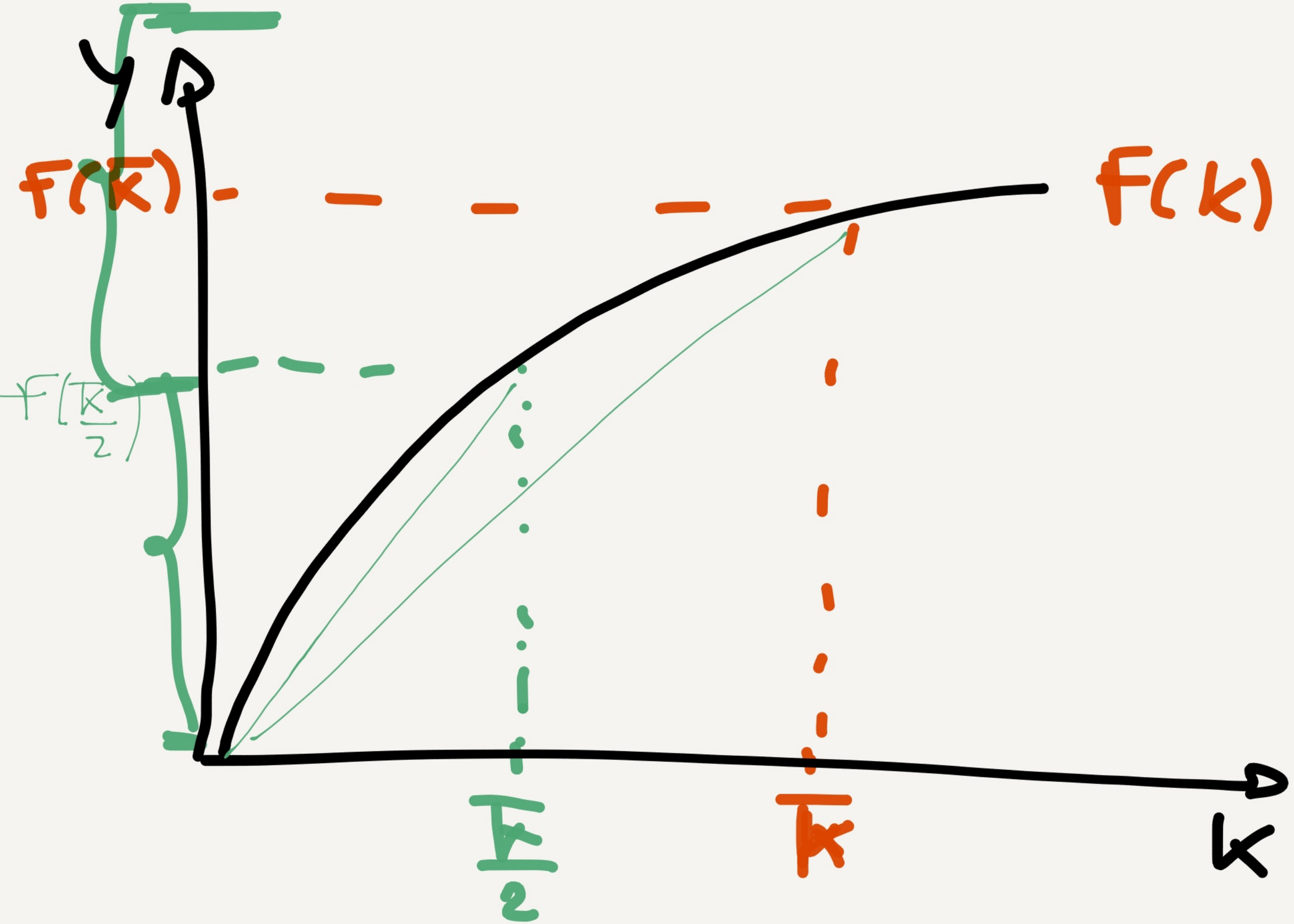
	Input	output	
	1	1	
	2	2	1.5
produce with 1 firm	→	2	1.5
	2 — 5	2	2

- If $y = F(K)$, $F' > 0$, $F'' < 0$

$\bar{K}$, 1 firm $y = F(\bar{K})$

N firms $y = N \times F\left(\frac{\bar{K}}{N}\right)$

If F is concave, then $F(\bar{K}) < N F\left(\frac{\bar{K}}{N}\right)$


y
F(k)
F(k)
F[K/2]
K/2
K
k