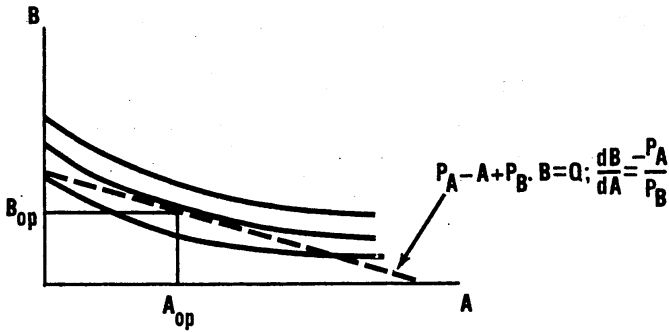


Figure 3



Given Q , we now maximize our productivity by hiring $A = A_{op}$, $B = B_{op}$, since at this point the budget line reaches—and is tangent to—the highest isoproductivity curve. This method vitally depends on the convex nature of the isoproductivity curves.

3.1 Effect of Limitation on Number of GS-14s+ (B)

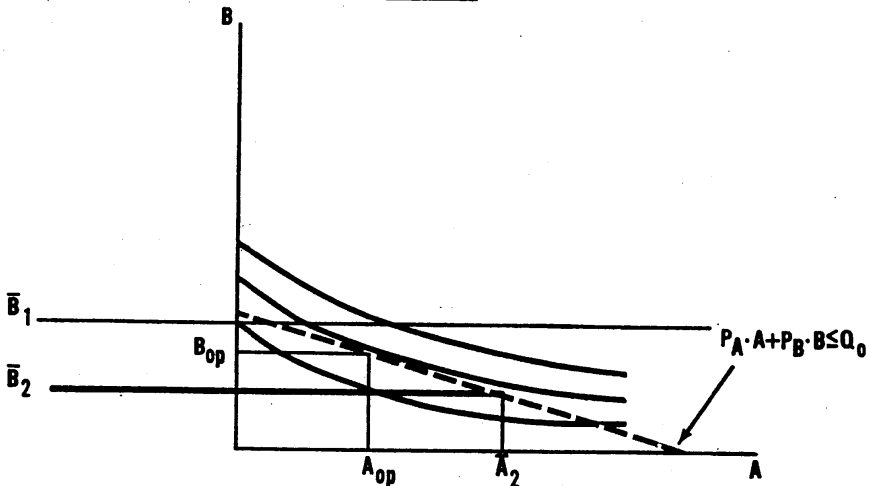
Let us state the constraint imposed by a limitation on the number of GS-14s+ in the following manner:

$$\bar{B} = \text{maximum allowable number of GS-14s+;}$$

thus,

$$B \leq \bar{B}.$$

Figure 4



When $\bar{B} = \bar{B}_1 > B_{op}$, the constraint is irrelevant, because, given $Q = Q_0$, the optimum mix is A_{op} , B_{op} , with effectiveness (productivity) equal to $E(A_{op}, B_{op})$.