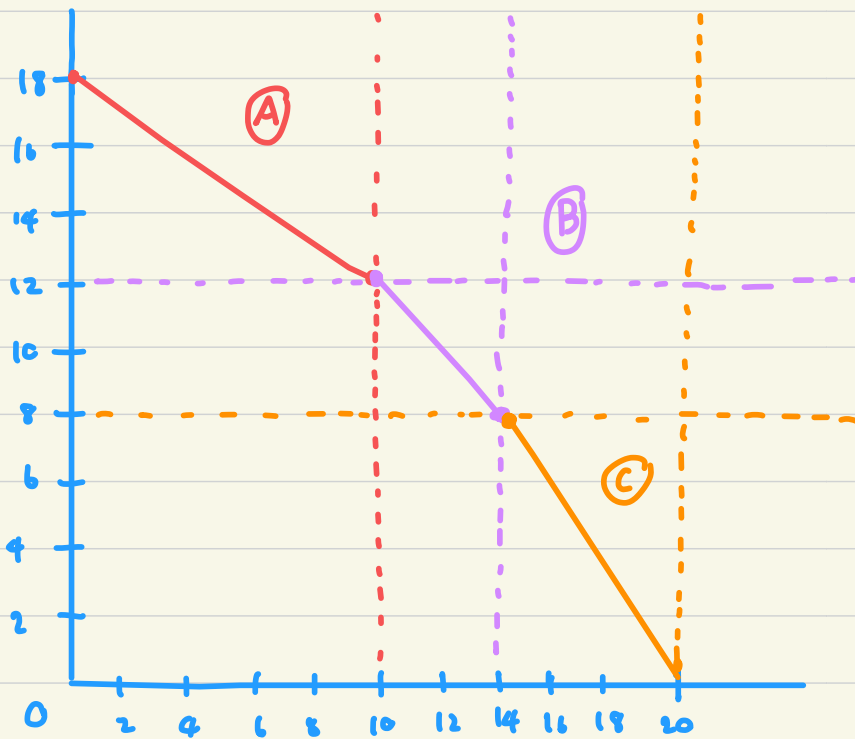
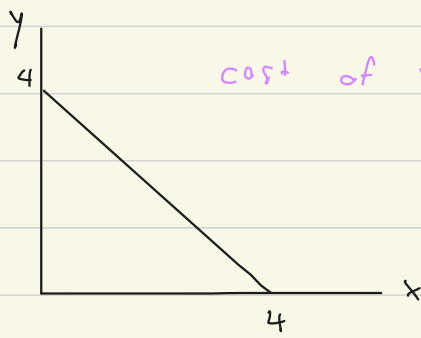


H.W.

Farmer C

combine these 3 farmers
and draw the PPC

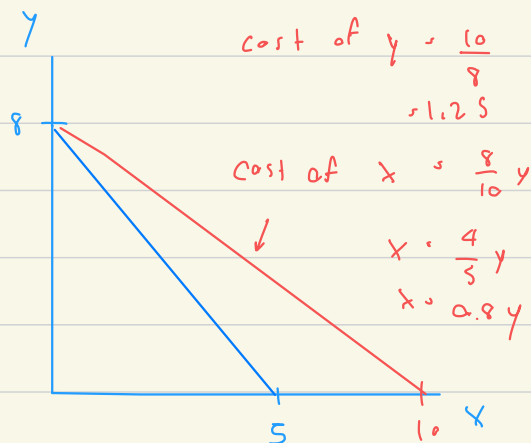


H.W.

If the technology of producing x improve so much the the amount of x we can have double at all qualities of y .

How will the PPC below change?

Ans. The new one of x is more steeper than the old one.



cost of x is higher!

The cost of x is lower.

cost of y is higher?

Exactly, the cost of y is higher

cost of $x = 1.6 y$

cost of $y = \frac{5}{8} y = 0.625$