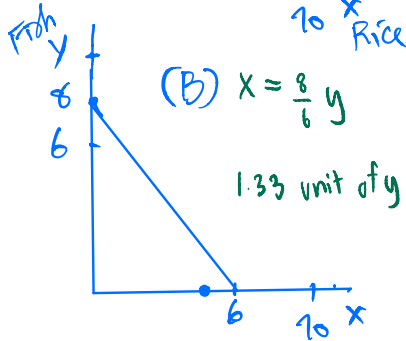
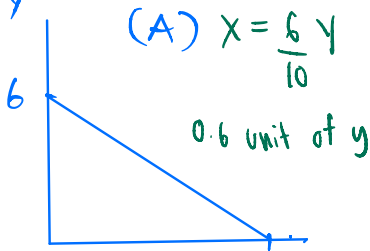
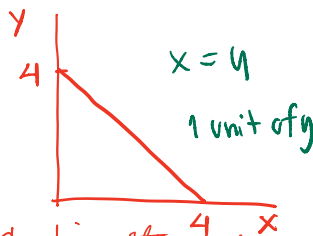


HW#2 PPC

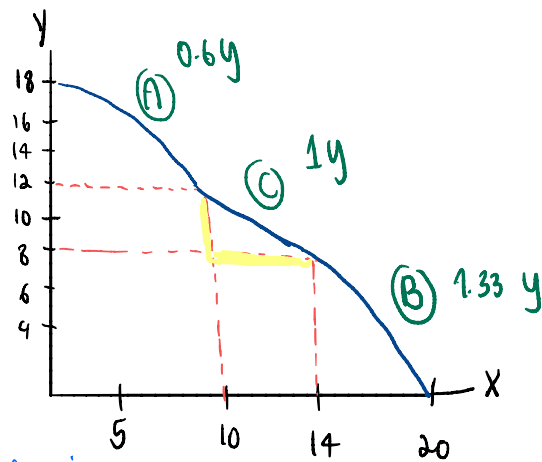
H.W 1
Fisky



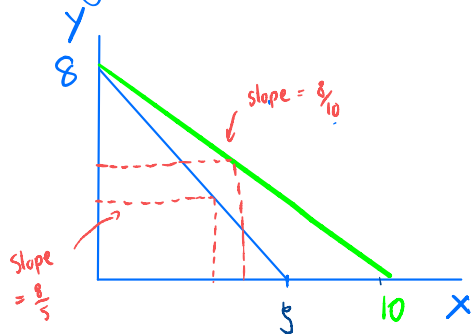
H.W. Farmer C



Combine these 3 farmers and draw the PPC.



H.W 2 If the technology of producing X improves so much that the amount of X we can have doubles at all quantities of Y . How will the PPC below change?



Cost of X is higher?
Cost of Y is higher?

H.W. Due
Sept 1.

before

cost of X

$$X = \frac{8}{5} Y \quad [1.6]$$

cost of Y

$$Y = \frac{5}{8} X \quad [0.625]$$

After

cost of X

$$X = \frac{8}{10} Y \quad [0.8]$$

cost of Y

$$Y = \frac{10}{8} X \quad [1.25]$$

cost of X is lower ↓ (1.6 → 0.8)

cost of Y is higher ↑ (0.625 → 1.25)