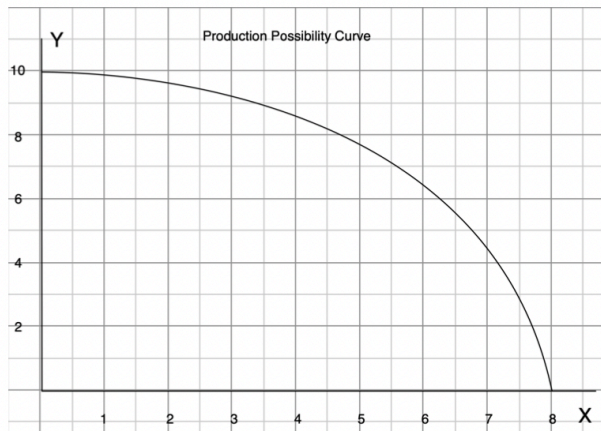


HW#4 Due Jan 27, 2022

HW Nonlinear PPC

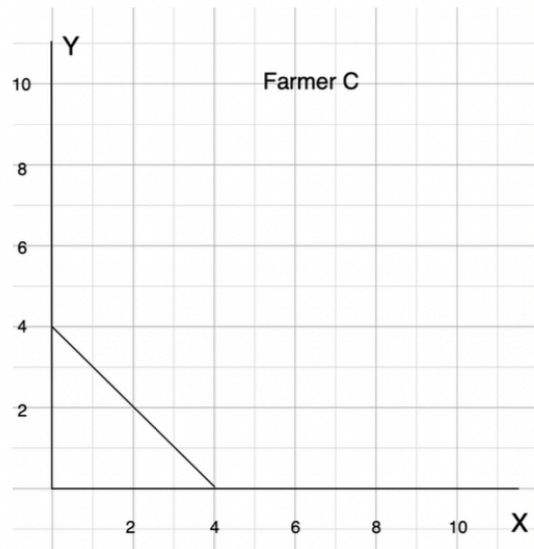


- a) Find the opportunity cost of each additional unit of y in terms of units of x

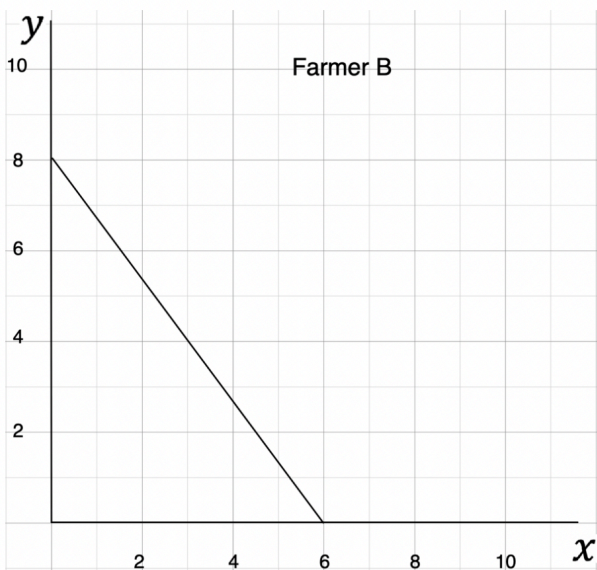
y	x	Opp. Cost of y
0	8	
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

- b) Is the opportunity cost of y increasing?
c) Compute the opportunity cost per unit of y when $x = 6$.
d) At $x = 6$, approximate how much more x can be produced if we have y less by 0.2 units.

HW Farmer C has the PPC given below. Find the PPC of all three farmers A, B and C combined.



HW. If a new fertilizer is found to double the output of rice (x) for any level of production of fish (y), how will PPC of farmer B change? Does the opportunity cost of x increase? Does the opportunity cost of y increase?



HW. Given the PPC below,

- What is the opportunity cost of x at $x_0 = 5$?
- Suppose the technology of producing y improves so that the economy can double the output of y for any output level of x . Draw the new PPC.
- What is the opportunity cost of x at $x_0 = 5$ for the new PPC?

