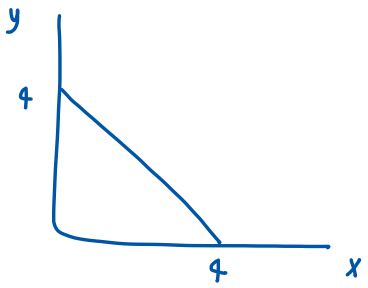
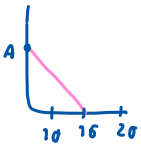
H.W. Farmer C'



Combine these 3 farmers and draws the PPC

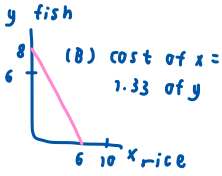
Cost of x = 1 of y

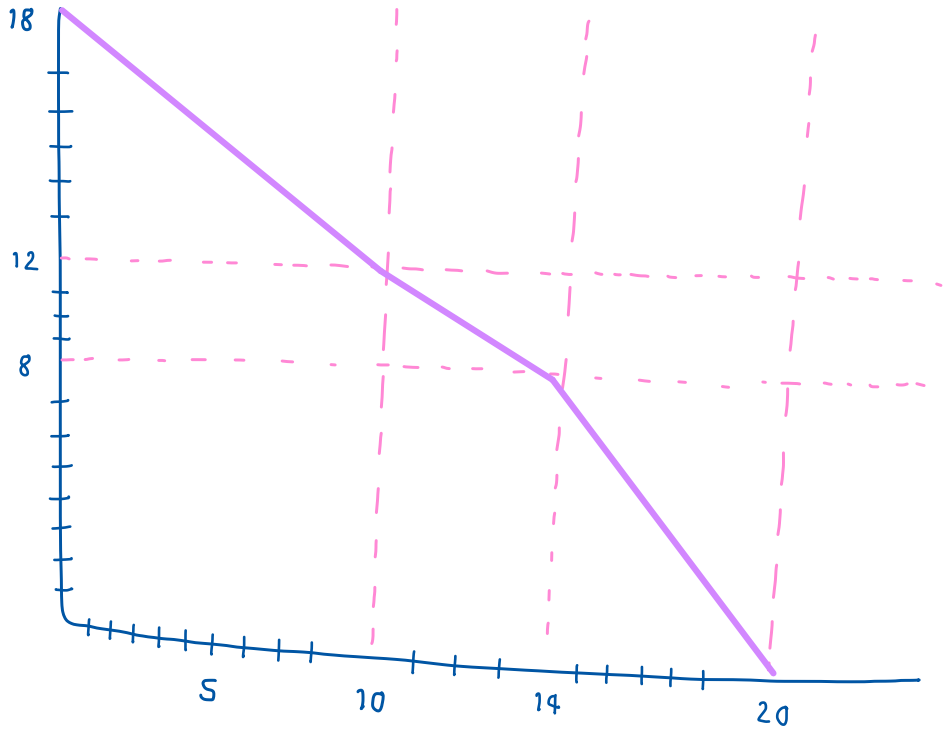


A → x = 10, y = 0

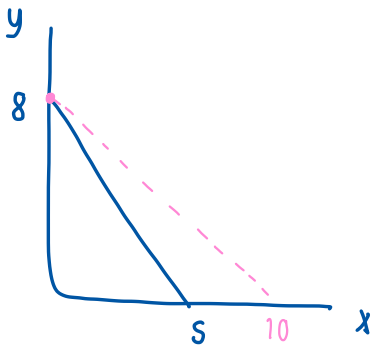
B → x = 0, y = 8

x	y
0	14
1	13.4
2	12.8
10	8
11	6.67
12	3.33





H.W. If the technology of producing x improve 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? lower

cost of y is higher? higher

$$\text{Opp cost}_{old} = -\frac{8}{5} = -1.6$$

$$\text{Opp cost}_{old} = -\frac{8}{10} = -0.8$$

$$\text{Opp cost}_{new} = X_{new} \quad (5)(2) = 10$$

$$\frac{y_2 - y_1}{x_2 - x_1} = \frac{8-0}{0-10} = -\frac{4}{5}$$

cost of x lower because we produce more x that why cost of y is higher