

More On Production Possibilities

Suppose that there are only two goods that are made, that is food and clothing. And suppose that there is a total of 20,000,000 units of labor and it takes 2 units of labor to make 1 unit of food, and it takes 3 units of labor to make 1 unit of clothing. There is also a new technology that was just invented and now up to 5 million units of clothing can be made using only 2 units of labor of each unit of clothing.

What would the graph of the P-P curve look like? _____

What is the maximum number of units of food that can be made? _____

What is the maximum number of units of clothing that can be made? _____

What is the slope, increasing, linear, constant, or decreasing? _____

Is opportunity cost of clothing constant, increasing or decreasing? _____
what is it? _____

Is opportunity cost of food constant, increasing or decreasing? _____

If so what is it? _____

Graph the P-P curve:

