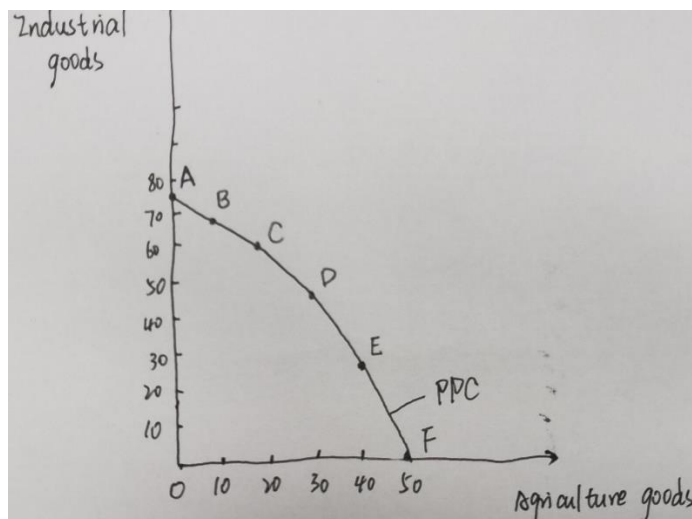


a) A production possibilities curve (PPC) is a model that shows alternative ways that an economy can use its scarce resources. The PPC curve has four assumptions:

1. Only two goods can be produced
2. Full employment of resources
3. Fixed resources
4. Fixed technology



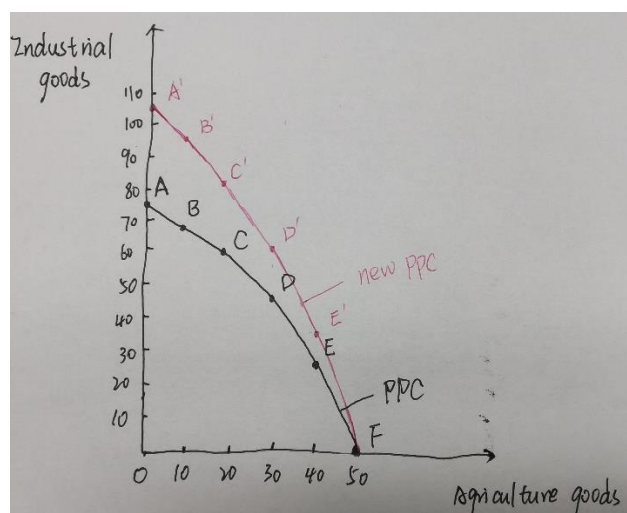
b)

- c) i. 15 Industrial goods
- ii. 60 Industrial goods
- iii. 30 agriculture goods

d) Because the industrial goods increased by 40%, so the table become

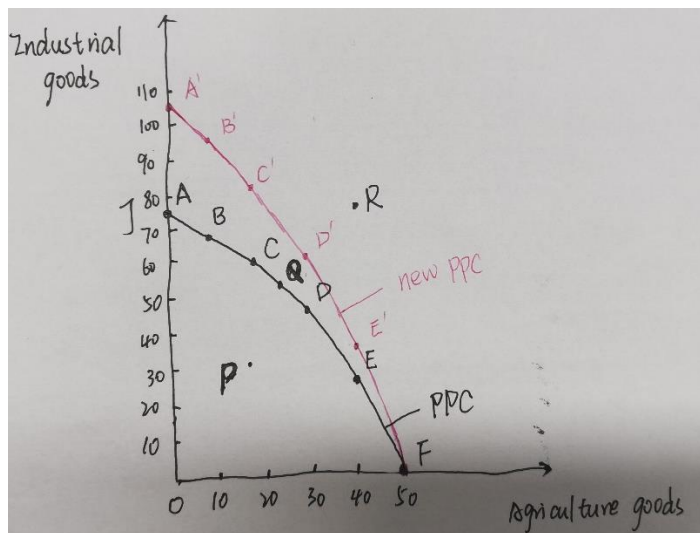
	A	B	C	D	E	F
Agiculture goods	0	10	20	30	40	50
Industrial goods	105	96.6	84	63	37.8	0

For example A: $105 = 75 \times (1 + 0.4)$



i.

- ii. 21 Industrial goods



- e)
- f) This is because the PPC curve is concave towards the origin. Because of limited resources, when the relative production of one good increases in a country, it is necessary to reduce the quantity of another good produced, which will lead to an increase in the marginal benefit of the other good and thus an increase in opportunity cost.
- g) Scarcity: From point A - B, an increase in the production of agricultural products reduces the production of industrial goods, and the finiteness of this good is scarcity.
 Choice: Due to the scarcity of resources, given the technology, for workers it is a choice between industrial goods or agricultural products. For example, if you choose to produce 10 more agricultural products from point B to point C, you have to produce 9 fewer industrial products.
 Opportunity cost: Due to the scarcity of resources, given the technology, to produce 10 more agricultural products from point A - B, one has to produce 6 fewer industrial products, and this reduction of 6 industrial products is the opportunity cost of producing 10 more agricultural products.