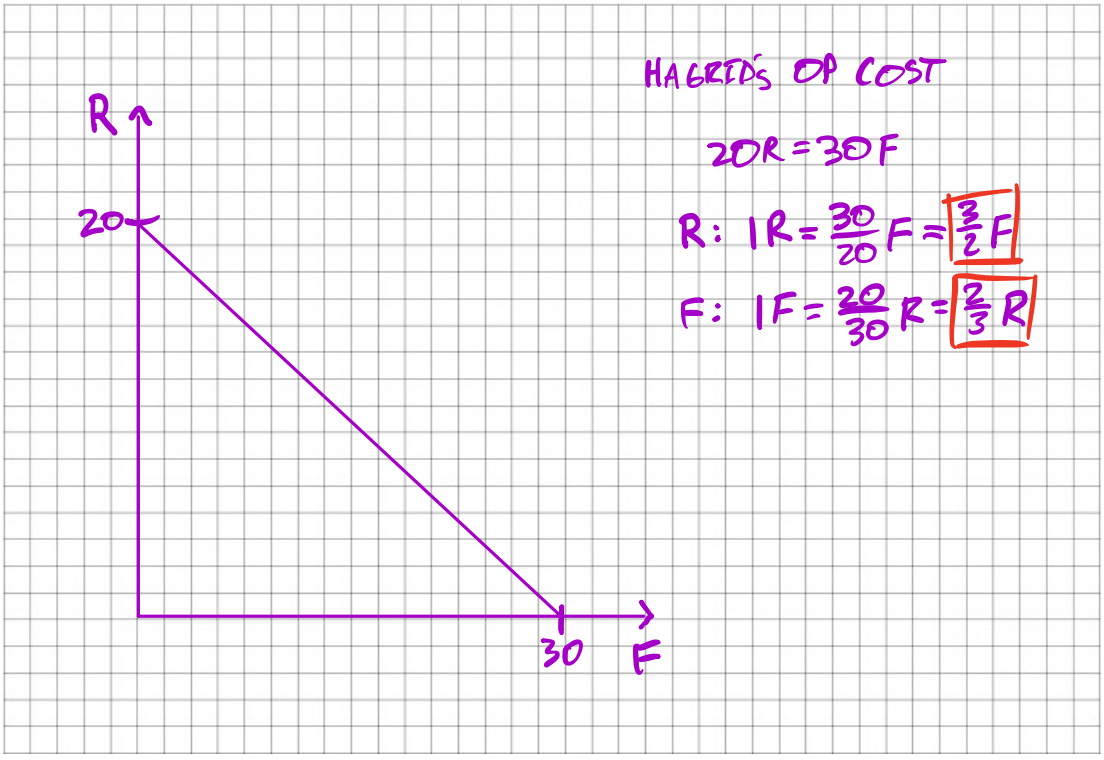
Econ 0100 | Classwork A1

Q1 | Hagrid's PPF

One of Hagrid's unknown skills is that he's great in the kitchen. He can bake 20 rock cakes (R) or 30 fruitcakes (F) in one day. Set up Hagrid's PPF on an x,y graph with rock cakes (R) on the vertical and fruitcakes (F) on the horizontal. What is Hagrid's opportunity cost of each good?

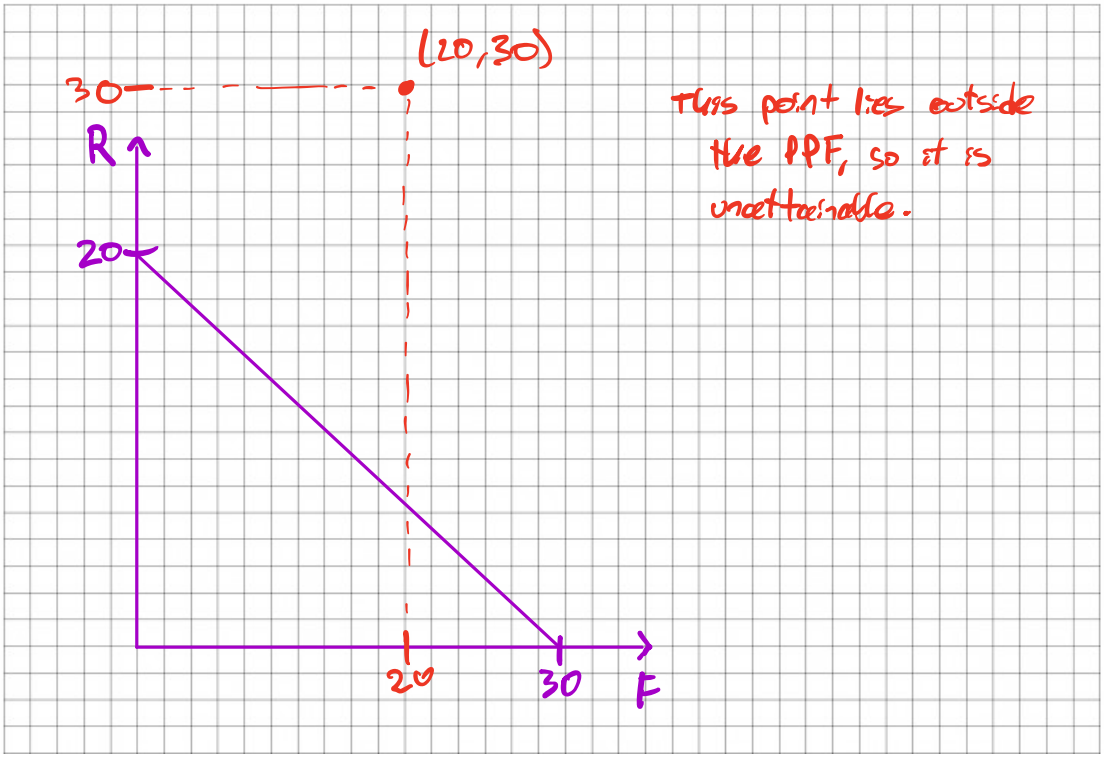


Opportunity cost of rock cakes: 3/2 F

Opportunity cost of fruitcakes: 2/3 R

Q2 | Feasibility

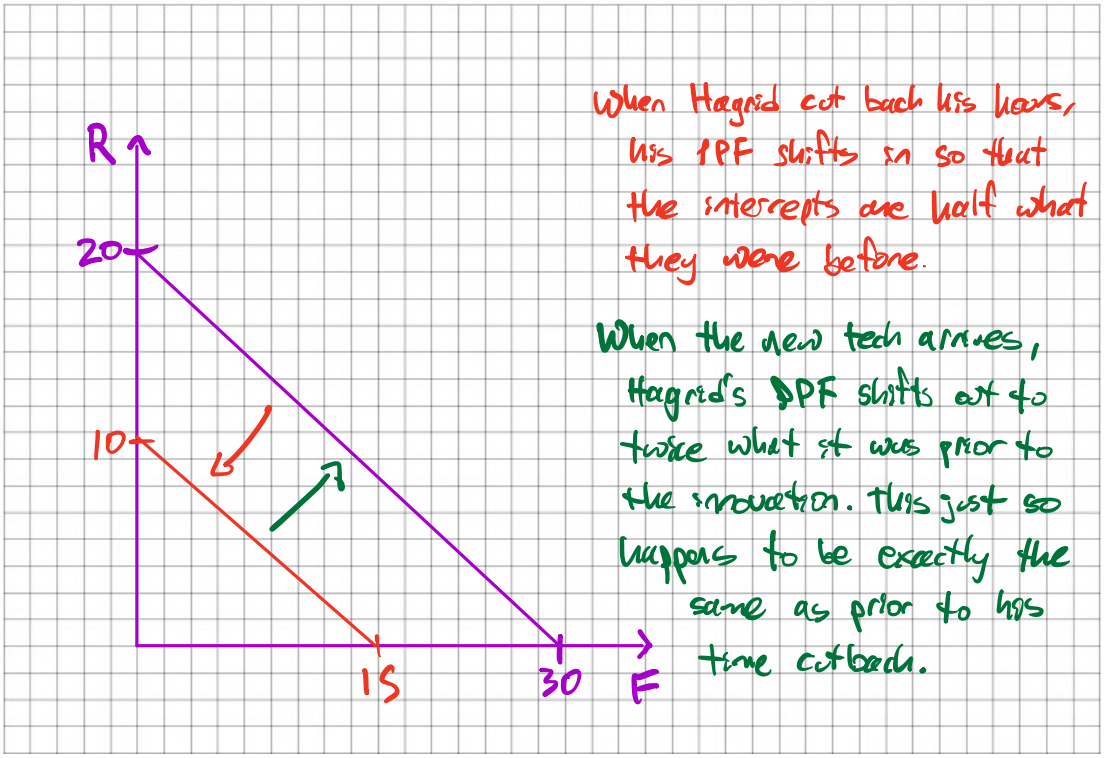
Suppose Hagrid wants to bake $30R$ and $20F$ in one day. Is this inefficient, efficient, or unattainable? Use a graph or algebra to justify your answer.



Inefficient, Efficient, Unattainable: Unattainable

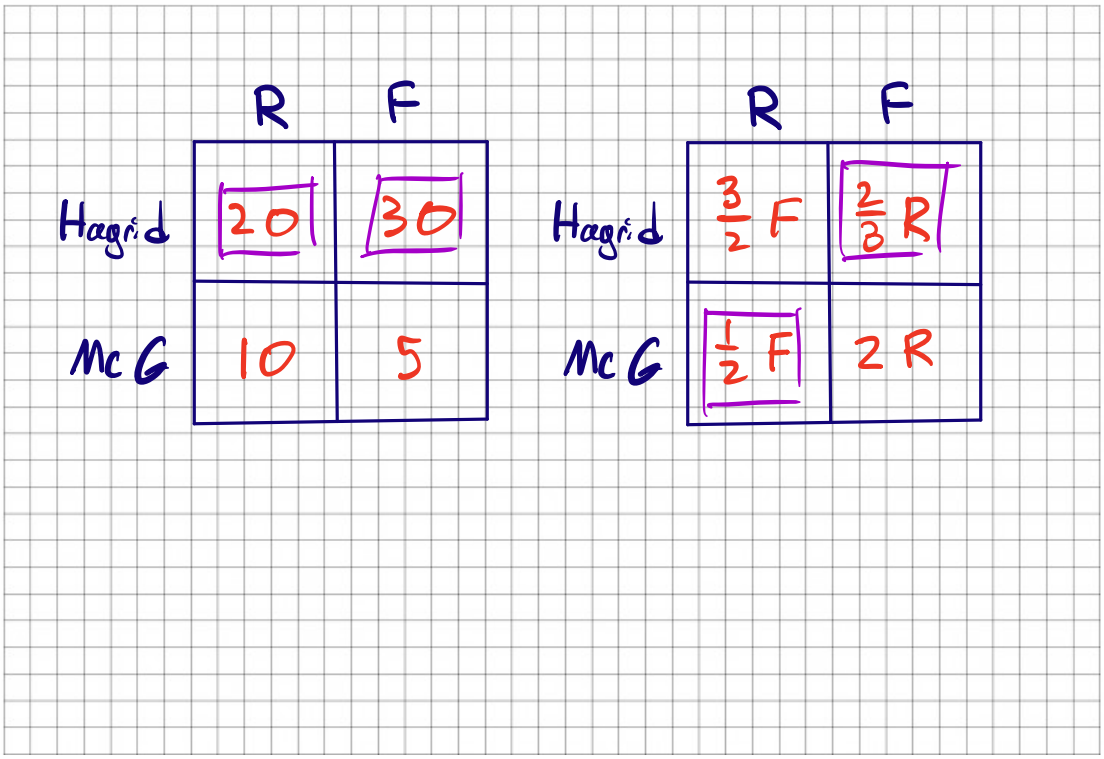
Q3 | Dynamics

It turns out Hagrid wants to slow down his baking work, and cuts his time in half. Right after, the baking industry goes through a minor revolution and improves the efficiency of everyone's baking by a factor of 2. Show both changes to his PPF.



Q4 | Comparative and Absolute Advantage

Professor McGonagall also bakes rock cakes and fruitcakes, up to $10R$ or $5F$ in one day. Using Hagrid's original numbers, set up a production table with both Hagrid's and McGonagall's output per day. Who has the absolute advantage (AA) in rock cakes? Then set up an opportunity cost table with Hagrid's and McGonagall's opportunity costs for each good. Who has the comparative advantage (CA) in rock cakes?



AA in R: Hagrid

CA in R: McG