Production frontier

Economics

Yes. This is because when the opportunity cost involved in production of any commodity increases, it makes the production possibilities frontier to shift inwards. This means that the cost would be more to produce a commodity that it would be to purchase it. For example, the United States is in a position to produce Y unites of guns while at the same time it can produce X units of butter. So that the gun production can be increased, butter production will have to be lower than X.

And at the same time, to increase butter production, it means that the gun production must be lower than Y. (Kaplan, 2002) This means that in United States, the opportunity cost of production of any commodity is too great. This means that the nation is transforming from being a producing nation to that of a consuming nation. The production possibilities frontier is shifting inwards or outwards due to this transformation.

This inward shift is also possible if workers become less productive while in their place of work and vise versa. Such kind of factors will cause the entire curve to shift inwards rather than only one point of the curve. (Kaplan, 2002) For example if we consider the production of apples and that of oranges as presented in the graph below, we find that if there is an increase in the production of apples from quantity A1 to A2, it happens that there will be a decrease in the production of oranges from O1 to O2.

The same case happens when the production of oranges increases. This shift which is created which is C to D is the one which represents the inwards shift of the production possibilities frontier. (Kaplan, 2002) Bibliography Kaplan, J. (2002 , June 1). The Production Possibilities Frontier. Retrieved March 17, 2009, from http://www. colorado. edu/Economics/courses/econ2020/section1/section1-main. html