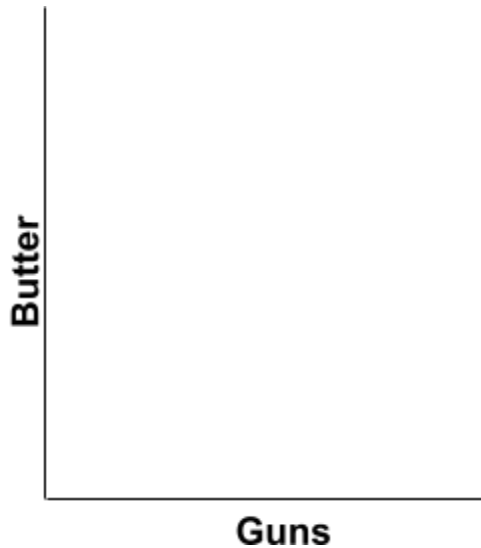




Economics Model Practice



Draw a production possibilities curve for butter and guns using the data above.



Production Possibilities for Butter and Guns					
Type of Production	A	B	C	D	E
Butter	0	10	12	14	16
Guns	50	40	30	20	0

1. Label the points where the economy would be efficient (A), underutilized (B) and unattainable (C).
2. What is the opportunity cost of moving from point A to point B?
3. What is the opportunity cost of moving from point B to point C?

Draw a production possibilities curve for butter and guns using the data above.



Production Possibilities for Robots and Wheat					
Type of Production	A	B	C	D	E
Robots	0	250	450	650	850
Wheat	130	117	109	89	0

4. Label the points where the economy would be efficient (A), underutilized (B) and unattainable (C).
5. What is the opportunity cost of moving from point A to point B?
6. What is the opportunity cost of moving from point B to point C?