1 Opportunity cost and the PPC – Part 2 —Answers

Answers

Work through these after trying the questions yourself.

1.6 The next best alternative you give up when you make a choice.
1.7 The game.
1.8 The most an economy can produce of two goods with its resources.
1.9 All resources are being used fully (it is efficient).
1.10 Some resources are being wasted (not all are used).

1.11 On the **PPC** the country is already using all its resources, so to make more **guns** it must move resources away from **tractors**. The opportunity cost is therefore the **tractors given up**.