

1 Opportunity cost and the PPC – Part 2

Name: _____ Class: _____ Date: _____

Vocabulary 词汇

Write each word three times. 把每个单词抄写三遍。

English	中文	Write it 3 times (English)
opportunity cost	机会成本	_____
production possibility curve (PPC)	生产可能性曲线	_____

Recall

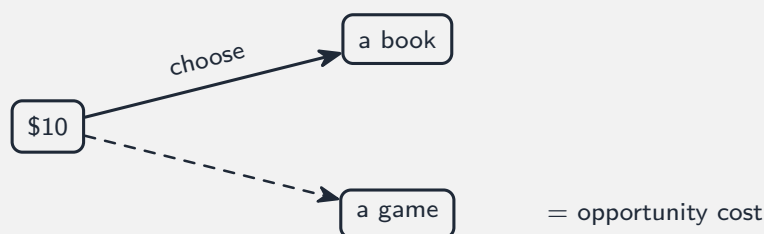
Every choice means giving something up, and a curve can show what an economy can produce.

New ideas

Read these first, then do the Practice.

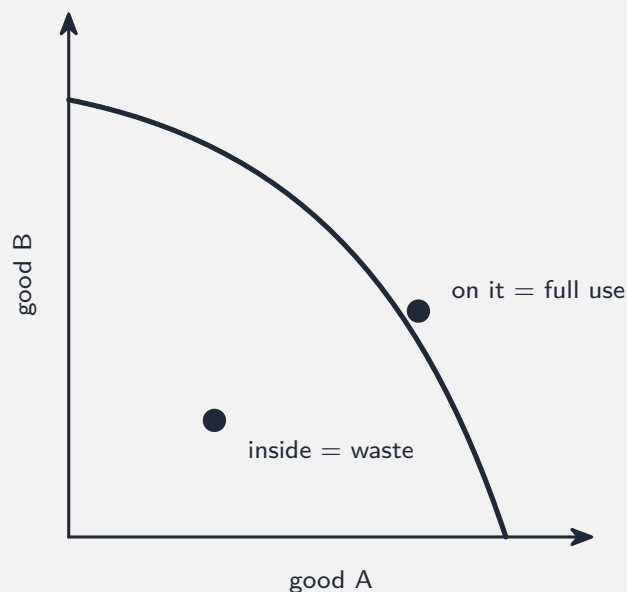
■ 1 Opportunity cost

The **opportunity cost** 机会成本 of a choice is the next best thing you give up:



■ 2 The production possibility curve

A **production possibility curve (PPC)** 生产可能性曲线 shows the most an economy can make of two goods:



Watch out: opportunity cost is the *single next best* thing you give up —not everything you didn't choose. On a **PPC**, a point *on* the curve uses all resources (efficient); a point *inside* wastes some.

Practice

Try these in order.

1.6 What is *opportunity cost*? [1]

1.7 You spend your money on a book instead of a game. What is the opportunity cost? [1]

1.8 What does a PPC show? [1]

1.9 What does a point **on** the PPC mean? [1]

1.10 What does a point **inside** the PPC mean? [1]

1.11 Challenge. A country uses all its resources to make either tractors or guns. Using a PPC, explain the opportunity cost of choosing to make more guns. [2]