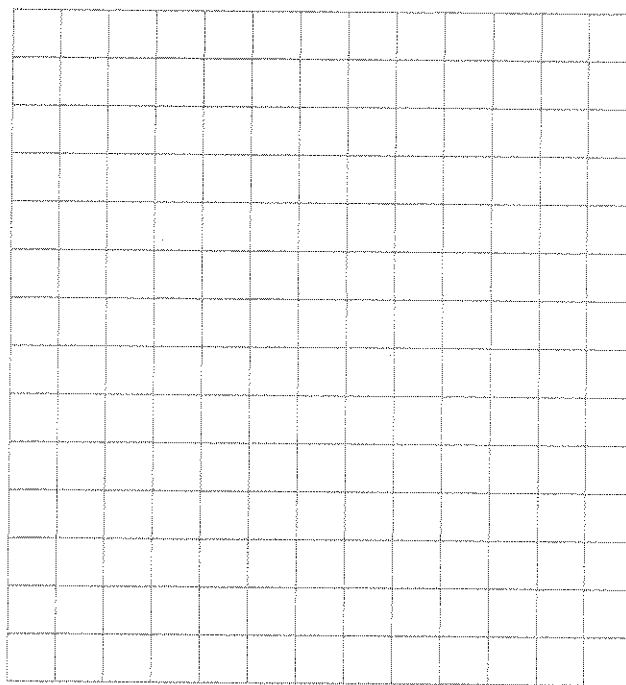


Name: _____ Hour: _____

After the videos: Graph this PPC.

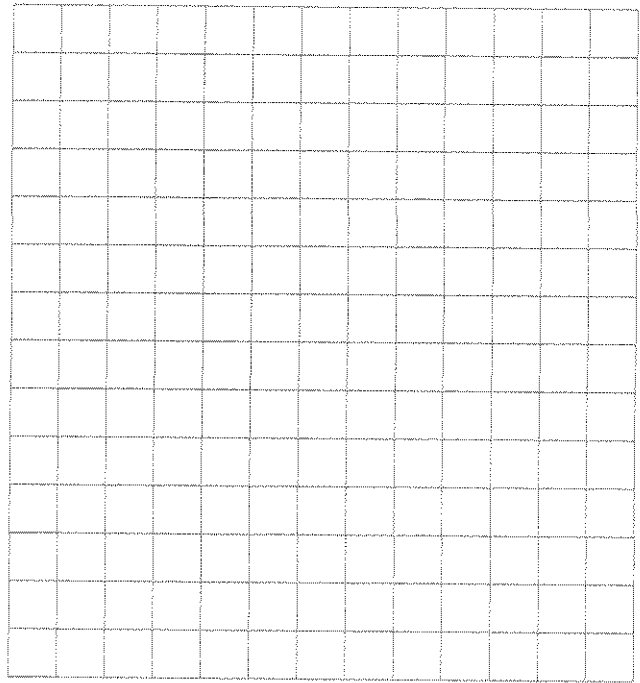
Corn	Rice
80	0
78	20
70	40
55	60
38	80
0	100



Average OC= #units given up divided by the # units gained

1. What is the opportunity cost of producing the first 20 units of rice? _____
2. Over the range in question 1, what is the average opportunity cost per unit of rice? _____ (to find this answer divide the number of corn given up by the number of rice gained)
3. What is the opportunity cost of moving from 55 to 70 units of corn? _____
4. Over the range in question 3, what is the average opportunity cost per unit of corn? _____
5. If this economy chose to produce 38 units of corn, how many units of rice could it produce? _____
6. What type of opportunity cost is illustrated in this ppc? _____
7. Explain a situation in which this PPC could shift outward.

Possibilities	Military goods	Consumer goods
A	0	105
B	10	100
C	20	90
D	30	75
E	40	55
F	50	30
G	60	0



- A. Graph the production possibilities.
- (a) Assume that point H would represent 30 units of military goods and 45 units of consumer goods. Where would point H be on the production possibilities graph? What does this point represent?
- B. Calculate the opportunity cost for military goods in each of the following cases:

range	Total opportunity cost	Average opportunity cost
A to B		
B to C		
C to D		
D to E		
E to F		
F to G		