Oh the Production Possibilities!

Factors of Production

1) Land: _______________ resources whose supply is fixed.
   Ex:

2) Labor: _______________ human activity that provides the _______________ in an economy.
   Ex:

3) Human Capital: Collective skills, _______________, or other _______________ of individuals that can be used to create economic value for the individuals, their employers, or their community.
   Ex:

4) Capital:
   Ex:

Production Possibilities

A production possibilities graph _______________ ways that an economy can use its resources. The production possibilities frontier is the line that shows _______________ for that economy.

- Efficiency: means using resources in such a way as to maximize the production of goods and services. An economy producing output levels on the production possibilities frontier

- Growth: If __________ resources become available, or if technology improves, an economy can __________ its level of output and grow. When this happens, the entire production possibilities

What trade-offs are illustrated by the graph?

What is the opportunity cost of increasing watermelon production from 20 to 21 million?