

# 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:

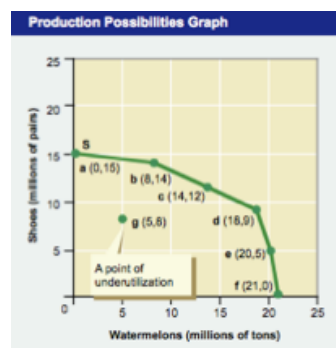
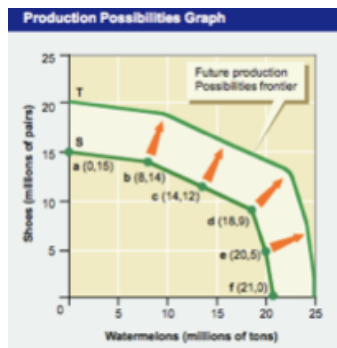
Ex:

## 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?