A

Clothes C D F

E

B

L1 L2

Sports equipment

1. In your own words, define opportunity cost.
2. What is a production possibilities curve used for?
3. What does L1 represent? Be specific
4. What is the opportunity cost of moving along the curve from point A to point B?
5. What would make the production possibilities frontier move from line 1 to line 2?
6. Why would a company decide to produce at point C instead of point B?
7. What is the opportunity cost of moving from point C to point A?
8. Why is producing at point E not something that businesses want to aim for?
9. Explain why this company cannot produce at point F