Teacher Answer Key

Case Study

1. All the consumer goods Americans gave up. Labor, steel, and fuel that went into tanks and planes could have gone into cars and household items instead.

2. It shows a move along the curve: to get more of one good you have to give up some of the other. The country picked up military output only by cutting back on consumer production.

Multiple Choice

1. C

2. C

3. B

Matching

1-D, 2-C, 3-B, 4-E, 5-A

Fill-in-the-Blank

1) two goods, 2) along, 3) technology

Short Answer (Sample Responses)

Q1: The PPC shows opportunity cost by illustrating the trade-offs between two goods. When resources are allocated to one good, the cost is the amount of the other good that could have been produced.

Q2: A point might fall inside the PPC if resources are underutilized, such as during high unemployment or when machinery is not fully operational.

Q3: A PPC shifts outward when there is an increase in resources or technological advancements, allowing for greater production capacity and economic growth.