**Economic Perspectives Name**

**Chapter 1 –Section 2 Date       Period**

Main Idea:

: Sacrificing one good or service to purchase or produce another

Example:

## The Cost of Trade-Offs

: the value of the next best alternative given up for the alternative that was chosen

Example:

*Practice:*

|  |  |  |
| --- | --- | --- |
|  | Economic Decision | Likely Opportunity Cost |
| Individual | Gets second job |  |
| Family | Purchases car |  |
| Business | Paves parking lot |  |

## Production Possibilities Curve

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Production Possibilities | | | | | | | | |
| Military Goods  (in Billions of dollars) |  |  |  |  |  |  |  |  |
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| Civilian Goods  (in Billions of Dollars) | | | | | | | | |

*Definition:* Graph showing the  that can be produced from a fixed amount of resources in a given period of time.

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| --- | --- | --- |
| Production Possibilities Schedule | | |
| Possibilities | **Number of Military Goods** | **Number of Civilian Goods** |
| A |  |  |
| B |  |  |
| C |  |  |
| D |  |  |
| E |  |  |
| F |  |  |

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