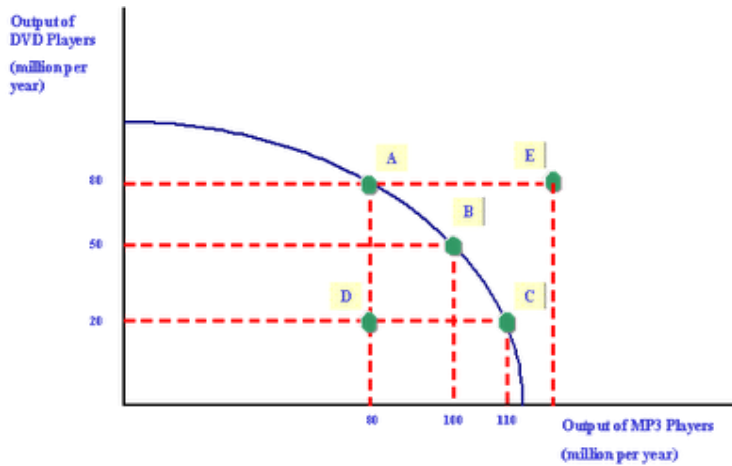


Use the PPF below to answer questions 1 and 2



- 1) What is the opportunity cost of moving from point C to point B?
- 10 million MP3 players
 - 0, since point C is only productive efficient, not allocatively efficient
 - 30 million DVD players
 - $\frac{1}{3}$ unit (10 million MP3 players divided by 30 million DVD players)
 - 3 units (30 million DVD players divided by 10 million MP3 players)

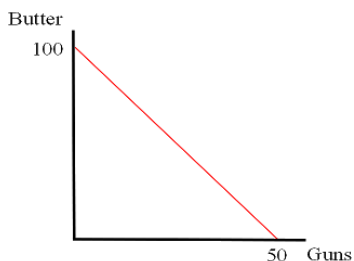
How certain are you? Not very (less than 67%) Fairly (more than 67%) Very (more than 80%)

- 2) Which of the following best describes why point D on the PPF of MP3 players and DVD players is inefficient?

- Because that combination of goods cannot be produced with the inputs available
- Because the production of MP3 players can only increase if the production of DVD's decreases
- Because 20 million DVD players are worth less than 80 million MP3 players
- Because 20 million DVD players are worth more than 80 million MP3 players
- Because it is possible increase the production of MP3 players without decreasing the production of DVD players

How certain are you? Not very (less than 67%) Fairly (more than 67%) Very (more than 80%)

Use the PPF below to answer question 3



- 3) Which combination of guns and butter is impossible?
- 50 units of butter and 25 units of guns
 - 74 units of butter and 15 units of guns
 - 86 units of butter and 7 units of guns
 - 100 units of butter and 0 units of guns
 - 50 units of guns and 0 units of butter

How certain are you? Not very (less than 67%) Fairly (more than 67%) Very (more than 80%)