

Section 3: Guided Reading and Review

Production Possibilities Curves



A. As You Read

As you read Section 3, complete the chart by indicating where on a production possibilities curve the following information is shown.

Reading a Production Possibilities Curve

1. Categories or specific goods or services to be compared

2. Range of choices in the combination of goods or services produced

3. Production possibilities frontier

4. An economy working at its most efficient production levels

5. An economy working below its most efficient production levels

6. Future production possibilities frontier if more land, labor, or capital resources become available

B. Reviewing Key Terms

Define the following terms.

7. production possibilities curve _____

8. production possibilities frontier _____

9. efficiency _____

10. underutilization _____

11. cost _____

12. law of increasing costs _____