1.1 . In the context of the essay, (((scarcity would be defined as limited resources which needs to be managed, because of men’s unlimited wants))) , (((Choice is an inevitable consequence of scarcity))) which is the need to answer the four question of (((what to produce))) , (((how and how much to produce))) and (((for whom))) .

1.2 . The definition of (((opportunity cost would be defined as the cost arising from using limited resources to satisfy unlimited wants in terms of the next best alternative foregone))) . It is a consequence of choice.

2 . A production possibilities curve (PPC) is a curve which represents the maximum combination of 2 goods an economy can produce, under a specified timeframe, given a specific level of technology and under the assumption that all resource are fully and efficiently utilized.

3 . The PPC can be used to effectively elucidate the meaning of scarcity , choice and opportunity cost.

4 . As one went from producing from point A to C, it can be seen that (((choice entails giving up more of one good (A) to produce more of another (C)))) . From this, we can see society having to choose between 2 goods as the resources used to produce both goods are limited . (((Choice can be represent by different combinations of goods along the PPC))), take for example, there is always a choice to either produce more of product A or product B. A real life example would be the choice of producing either more capital or consumer goods.

5 . (((Scarcity on the PPC))) is represented by (((point E, on the right of the PPC whereby it represents unattainable conditions due to a lack of resources ))) whereas any (((point on or under the PPC is attainable))) given the resource base of each country . A real life example would be the (((limited resource of oil or land))) . Whereby it cannot satisfy men’s unlimited want for it, thus there are rising prices for these limited resources. Point on the PPC represent efficient use of resources for that much of production of goods.

6 . (((Opportunity cost ))) can be identified (((on the PPC by its gradient))) , as one moves to the production of more consumer goods as seen in the diagram. The gradient from point “A to B is not as steep as the gradient from B to C . It can be seen in the diagram that by producing more of consumer goods, the opportunity cost would be the forgoing of capital goods. (((This concave shaped of the PPC , relative to the origin, demonstrates the law of increasing opportunity cost))), whereby to produce an equal amounts of another good, society must sacrifice an ever increasing amount of the other good. A real life example would be the production of the consumer good whereby the opportunity cost would be forgoing the production of capital goods.