

## 2.15: Assignment- Guns or Butter?

In this assignment, you will demonstrate your ability to draw a simple production possibilities curve given data on the quantity of one input (labor) and the amount of labor required to produce each of two outputs (guns and butter). You should also be able to identify the opportunity cost of one good in terms of the other as the slope of the PPC. You will explain your analysis of the figures to explain why it's not possible to produce combinations of the two goods outside the PPC.

### Guns or Butter?

Suppose a nation has a total of 12 units of labor, which can be used to produce either guns or butter. One gun takes 6 units of labor to produce and 1 butter takes 2 units of labor to produce.

- Explain why scarcity exists in this economy. Use the data as evidence of your reasoning.
- What is the maximum quantity of guns that can be produced?
- What is the maximum quantity of butter than can be produced?
- Draw the nation's production possibility curve.
- What is the opportunity cost of guns in this nation?
- Explain why the nation can't produce both 3 guns and 4 butters.
- Explain why the nation shouldn't produce both 1 gun and 2 butters.

Criteria	Not Evident	Developing	Proficient	Distinguished	Weight
Explain why scarcity exists in this economy, and use data to justify					2
Calculate maximum quantity of guns that can be produced					1
Calculate maximum quantity of butter than can be produced					1
Draw the nation's production possibility curve					3
Describe the opportunity cost of guns in this nation					4
Explain why the nation can't produce both 3 guns and 4 butters					4
Explain why the nation shouldn't produce both 1 gun and 2 butters					4
Articulation of response (citations, grammar, spelling, syntax, or organization that negatively impact readability and articulation of main ideas.)					1
				Total:	20

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