1. Are the resources of this economy equally well suited for the production of both Frisbees and butter, or do you think the resources are specialized? Explain your answer.

2. Calculate the opportunity cost (in frisbees) associated with each of the following 20-unit increases in butter production:
   (a) a to b ⇒ opportunity cost of 20 units of butter = _____ frisbees. Therefore, over this range, the opportunity cost of 1 unit of butter is ____ frisbees.
   (b) b to c ⇒ opportunity cost of 20 units of butter = _____ frisbees. Therefore, over this range, the opportunity cost of 1 unit of butter is ____ frisbees.
   (c) c to d ⇒ opportunity cost of 20 units of butter = _____ frisbees. Therefore, over this range, the opportunity cost of 1 unit of butter is ____ frisbees.
   (d) d to e ⇒ opportunity cost of 20 units of butter = _____ frisbees. Therefore, over this range, the opportunity cost of 1 unit of butter is ____ frisbees.

3. Moving from d to c, the opportunity cost of 1 frisbee is ____ units of butter.

4. Which of the following are true? Explain why.
   (a) The opportunity cost of additional units of butter decreases as more units of butter are produced.
   (b) The opportunity cost of additional units of butter increases as more units of butter are produced.
   (c) The opportunity cost of additional frisbees decreases as more frisbees are produced.
   (d) The opportunity cost of additional frisbees increases as more frisbees are produced.

5. In moving from point g to point b, the opportunity cost of ____ frisbees is ____ units of butter. Explain.

6. True or False: Point h is unattainable for this country. Explain.

7. Production Possibilities Curves and Budget Lines both show how one good can be exchanged for another. That is, the slopes of these lines reveal the opportunity cost of one good in terms of another. Given this similarity, why does the PPC have a bowed-out shape while the budget line is a straight line?