St Atanagio is a remote island in the Atlantic. The inhabitants grow corn and breed poultry. The accompanying table shows the maximum annual output combinations of corn and poultry that can be produced. Obviously, given their limited resources and available technology, as they use more of their resources for corn production, there are fewer resources available for breeding poultry.

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| --- | --- | --- |
| **Maximum annual output options** | **Quantity of Corn****(pounds)** | **Quantity of Poultry****(pounds)** |
| 1 | 1200 | 0 |
| 2 | 1000 | 300 |
| 3 | 800 | 500 |
| 4 | 600 | 600 |
| 5 | 400 | 700 |
| 6 | 200 | 775 |
| 7 | 0 | 850 |

1. Draw a production possibility frontier with corn on the horizontal axis and poultry on the vertical axis illustrating these options, showing points 1–7*.*
2. Can St. Atanagio produce 650 pounds of poultry and 650 pounds of corn? Explain. Where would this point lie relative to the production possibility frontier?
3. What is the opportunity cost of increasing the annual output of corn from 800 to 1000 pounds?
4. What is the opportunity cost of increasing the annual output of corn from 200 to 400 pounds?
5. Can you explain why the answers to parts 3. and 4. above are not the same? What does this imply about the slope of the production possibility frontier?