One of the basic premises in Economics is that we have unlimited wants but limited resources that can be used to satisfy these wants. Accordingly, we have to make choices in terms of what resources we use and what products we will produce with those resources.

1. In 100–200 words, describe how the Production Possibilities Frontier illustrates the concept of scarcity described above.
2. Draw a graph showing the PPF using [Template A](http://threadcontent.next.ecollege.com/ec/courses/42212/CRS-ECO2071-3688636/SUO_ECO2071_Template_A.xlsx%22%20%5Ct%20%22_blank). Assume our local economy has only one resource under consideration, tomatoes. They can be used to produce tomato sauce or diced tomatoes. **You do not need to submit this graph**. The various possible combinations are:

|  |  |
| --- | --- |
| Choice | Units of Production |
|   | Tomato Sauce | Diced Tomatoes |
| A | 100 | 0 |
| B | 80 | 10 |
| C | 60 | 20 |
| D | 40 | 30 |
| E | 20 | 40 |
| F | 0 | 50 |

1. Summarize your findings for part B. Describe what would happen to the PPF if the supply of tomatoes increased because of good weather, and if the supply of tomatoes decreased because of bad weather.