

### **3 SCARCITY AND CHOICE**

#### **A. CHOICES**

- 1. Scarcity**
- 2. Opportunity Cost**
- 3. Opportunity Cost and Money Cost**

#### **B. MODEL: PRODUCTION POSSIBILITIES FRONTIER**

- 1. Assumptions**
- 2. Choices**
- 3. Movement; Shifts**
- 4. Whole Economy**

#### **C. EFFICIENCY**

- 1. Definition**
- 2. Causes of Inefficiency**
- 3. Specialization; Division of Labor**
- 4. Individual and Markets**
- 5. Market Strengths and Weaknesses**