

ACTIVITY 6.4 LAURASIANS WORKSHEET

PART 1. Production

A. Turn your production cards so that every hour is spent making pizzas. What is the total number of pizzas you could produce in six hours? ____ If you produced this many pizzas, how many rugs could you produce? ____ Write these two numbers in Column 6 of the table below. (Ignore the third row for now.)

B. Turn over ONE of your production cards. How many pizzas and rugs could you produce if you used your time this way? ____ pizzas and ____ rugs. Write these numbers in Column 5 of the table below.

C. Continue turning over the other production cards to the rug side, one at a time. Each time, record in the table below the number of pizzas and rugs you could produce.

| Hours spent producing pizzas | 6 | 5 | 4 | 3 | 2 | 1 | 0 |
|--------------------------------|---|---|---|---|---|---|---|
| Number of pizzas | | | | | | | |
| Number of rugs (without trade) | | | | | | | |
| Number of rugs (with trade) | | | | | | | |

PART 2. Production Possibilities

Consider each of the combinations of pizzas and rugs below. Write "yes" next to the combinations that are possible for you to produce in six hours and "no" next to those that are not possible. Use your cards or the table above to help you decide.

D. ____ 12 pizzas and 6 rugs

G. ____ 8 pizzas and 6 rugs

E. ____ 0 pizzas and 16 rugs

H. ____ 16 pizzas and 10 rugs

F. ____ 20 pizzas and 4 rugs

I. ____ 4 pizzas and 10 rugs

PART 3. Opportunity Cost

The opportunity cost of a decision is the highest-valued alternative you give up. In other words, the opportunity cost of doing something is what you must give up to do it. Turn your production cards over one at a time and answer the following questions.

J. What is the opportunity cost of producing 4 pizzas? _____

K. What is the opportunity cost of producing 1 pizza? _____

L. What is the opportunity cost of producing 2 rugs? _____

M. What is the opportunity cost of producing 1 rug? _____

PART 4. Gains From Trade

N. Assume that you specialize in producing pizzas and can trade for rugs at the rate of one pizza for one rug. In the third row of the table in Part 1, write the number of rugs it would now be possible for you to have with each amount of pizzas listed.

O. Return to Part 2 and identify which combinations of pizzas and rugs it is now possible for you to have that were not possible before trading. _____