

**Answer on Question #44329 – Economics - Economics of Enterprise**

**Question**

Explain how a production possibility frontier can be used to demonstrate the principle of increasing opportunity cost.

**Answer**

Production possibilities, which analyzes the alternative combinations of two goods that an economy can produce with given resources and technology, reflects the opportunity cost of production. Opportunity cost can be illustrated by using production possibility frontiers (PPFs) which provide a simple, yet powerful tool to illustrate the effects of making an economic choice.

The slope of a production possibilities curve is the opportunity cost of the good measured on the horizontal axis. This opportunity cost increases as production increases.