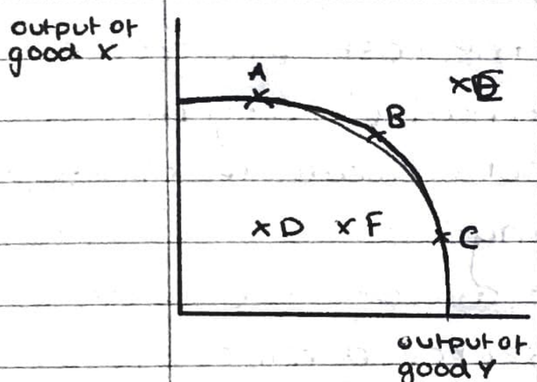
salaries
capital is the goods used in the supply of other products, the reward for capital is interest from savings + dividends
enterprise is the entrepreneurs that organise factors of production + take risks, the reward for this is profit
how do we ration resources? by market price, consumer income, education level, age, gender + nationality
what are production possibility frontiers? a graph to show alternative combinations of 2 goods or services when all resources are fully + efficiently employed



at D+F, not all resources are employed
at A,B+C, output is efficient as they lie on the existing PPF
E is an output combination not yet attainable as it lies beyond the PPF
how to shift the PPF → an increase in factor resources, productivity or improvement in technology will lead to an outward shift in the PPF
PPF with opportunity cost + diminishing returns - with diminishing returns, the marginal output diminishes as more resources are allocated, the result is OC measured in lost wheat output increases.
To be productively efficient, an economy must be on its PPF
straight line PPF - an indication of perfect factor substitutability of resources, marginal opportunity cost of switching between capital + consumer goods is constant