

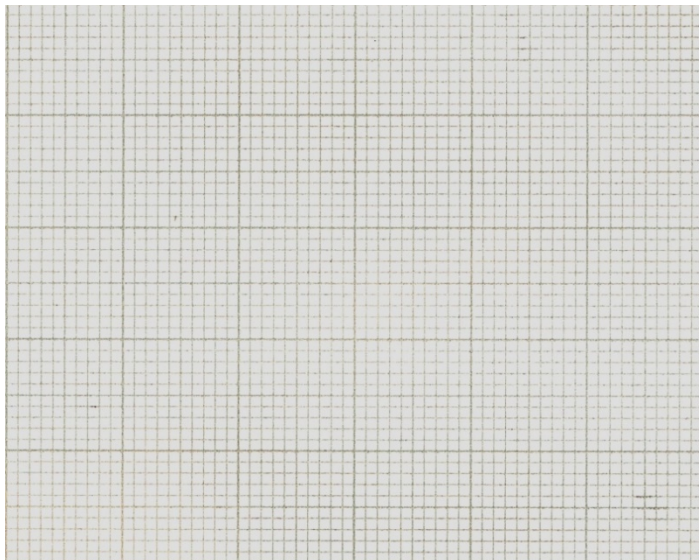
## 2. Production Possibility Frontiers – worksheet 2

### 1. Fill in the missing words

A production possibility frontier illustrates the maximum amount of goods and services an economy produces given full use of the \_\_\_\_\_ of \_\_\_\_\_. This means that the economy is \_\_\_\_\_ efficient. The PPF illustrates the concept of \_\_\_\_\_ cost, in other words the benefits associated the next best alternative foregone. It is clear that there cannot be any more of one good without \_\_\_\_\_ the production of the other good. This is known as \_\_\_\_\_ optimality. **Missing words from: productively, increasing, production, reducing, pareto, marginally, opportunity, factors**

### 2. Plot the following data for an economy on the graph paper below – remember to think about what you should put on your two axes.

Manufactured Goods	Non–Manufactured Goods
0	15
10	14
19	12
26	9
32	5
36	0



2.1 What is happening to the Opportunity Cost as the output of manufactured goods increases?

---

---

---

---

2.2 The shape of the Production Possibility Frontier is not a straight line – what might explain this?

---

---

---

2.3 Find out what Law explains this relationship. \_\_\_\_\_

---

### 3. Explain why

3.1 It may be hard to measure the real PPF for an actual country such as Britain. \_\_\_\_\_

---

3.2 Countries with rapid economic growth (such as China) will struggle if the number of willing workers dries up.

---

---