

# Economics

## Production Possibilities Curves (PPC)

Also known as Production Possibilities  
Frontiers

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### **Main Aim:**

Students will fully  
understand how to  
analyse and draw  
production Possibilities  
curves.

# Grades in Economics & Another Subject

Think of another subject you take alongside economics and fill in the predicted grades below if you carried out the following revision for each:

Percentage of Revision for each subject	Economics Grade	Other Subject Grade: _____
100% effort in economics; 0% effort in other subject	A	F
75% effort in economics; 25% effort in other subject		
50% effort in economics; 50% effort in other subject		
25% effort in economics; 75% effort in other subject		
0% effort in economics; 100% effort in other subject		

# Grades in Economics & Another Subject

Think of another subject you take alongside economics and fill in the predicted grades below if you carried out the following revision for each:

<b>Percentage of Revision for each subject</b>	<b>Economics Grade</b>	<b>Other Subject Grade:</b> _____
100% effort in economics; 0% effort in other subject	<b>A</b>	<b>F</b>
75% effort in economics; 25% effort in other subject	<b>B</b>	<b>D</b>
50% effort in economics; 50% effort in other subject	<b>C</b>	<b>C</b>
25% effort in economics; 75% effort in other subject	<b>D</b>	<b>B</b>
0% effort in economics; 100% effort in other subject	<b>F</b>	<b>A</b>

# Production Possibilities Curve

A production possibilities curve shows different possible combinations of two goods that can be produced using available resources.

**What concept do  
PPCs illustrate?**

**opportunity cost:  
the value of your  
second best  
option, what was  
given up**

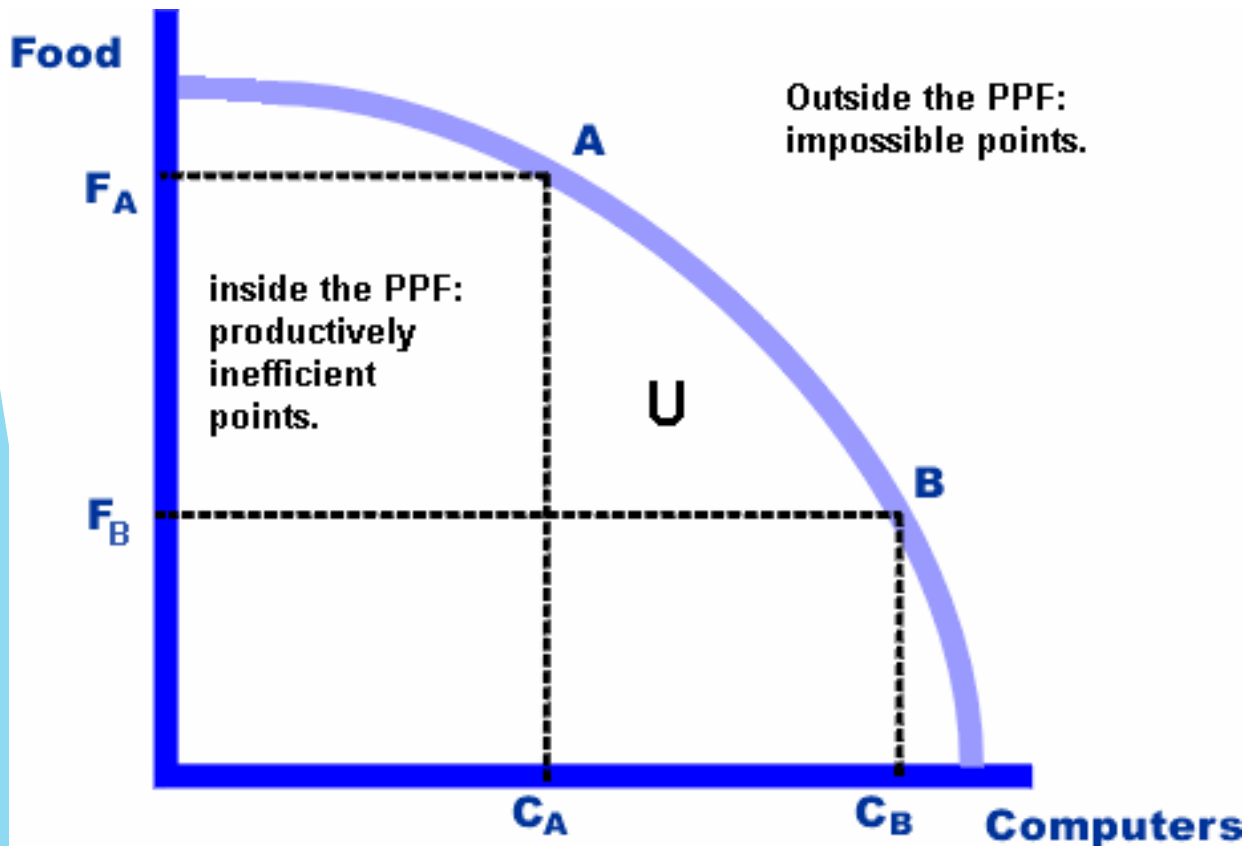
# Production Possibilities Scenario

Let's look at two goods and use them in a production possibilities curve.

**Computers****Food**

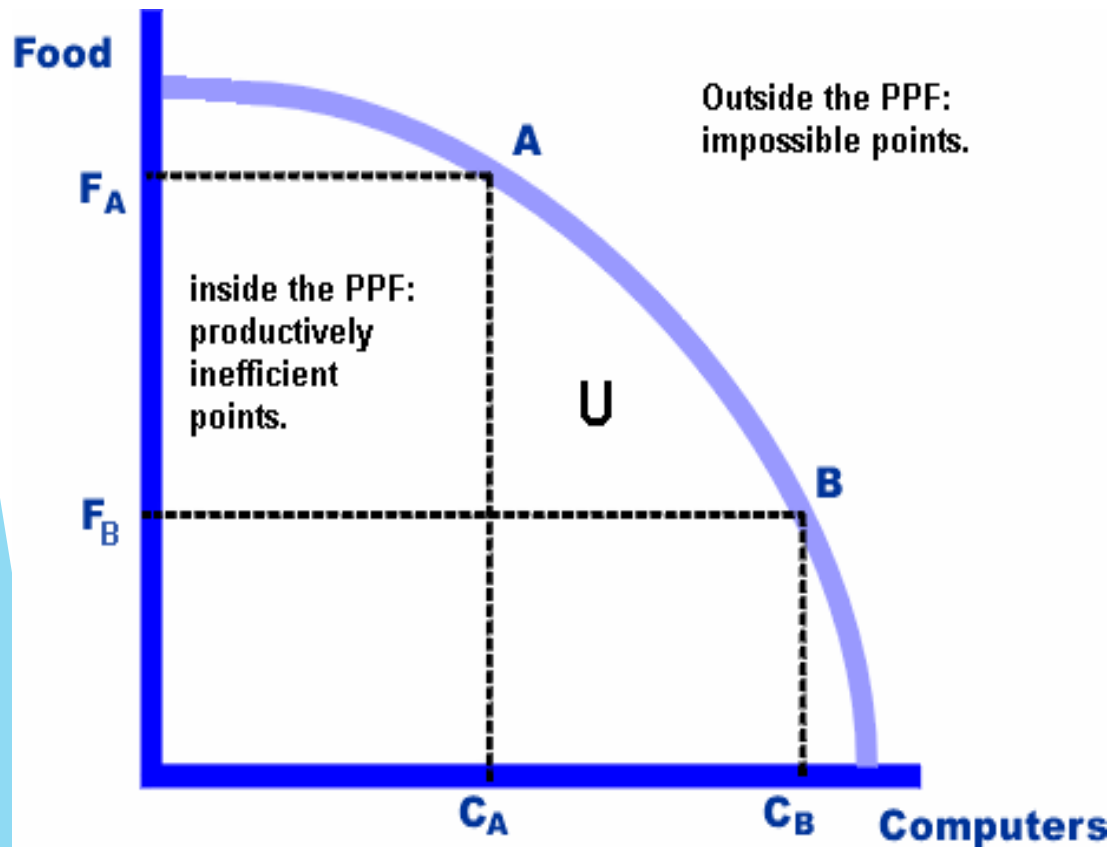


# Production Possibilities Curve for Food & Computers



The move from point A to point B indicates an *increase* in the number of computers produced, but it also indicates a *decrease* in the amount of food produced.

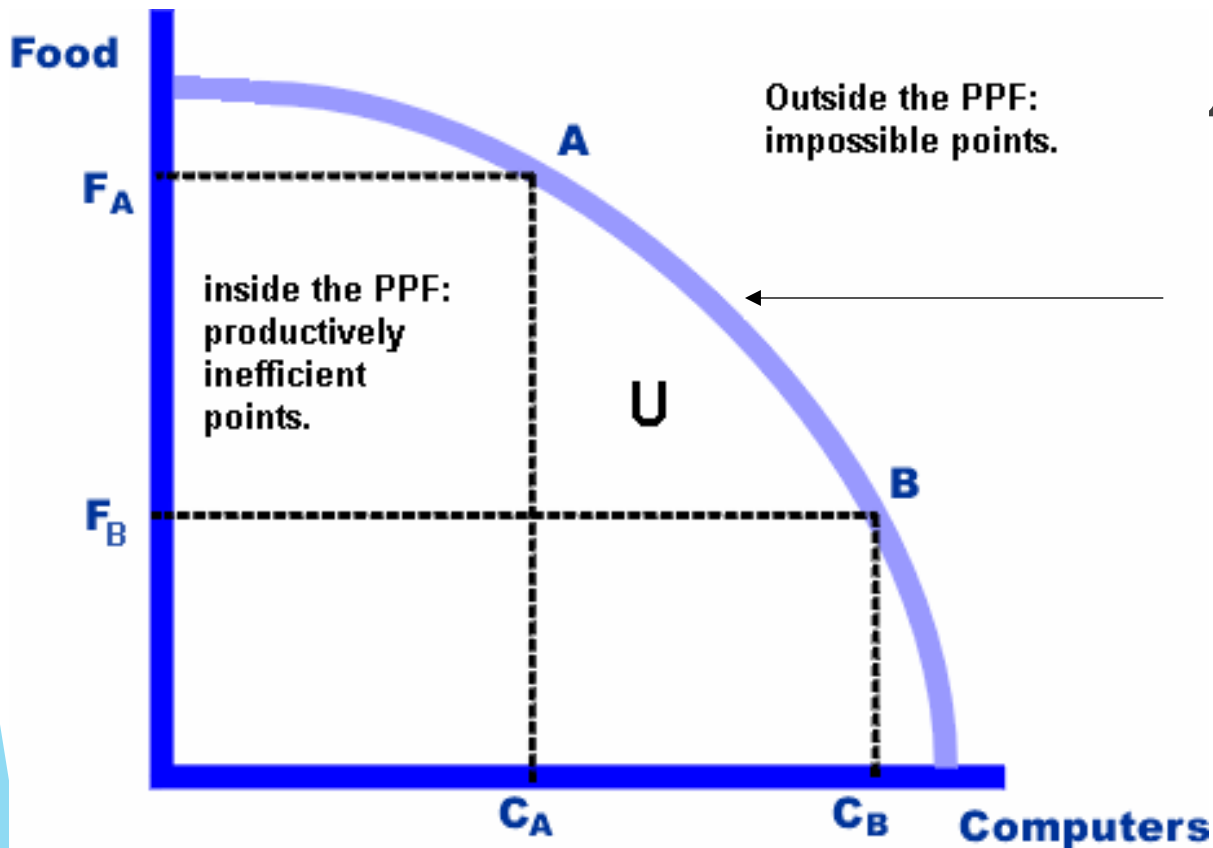
# Production Possibilities Curve for Food & Computers



Assuming that factors of production not increase, making more computers requires that resources be redirected from making food to making computers.

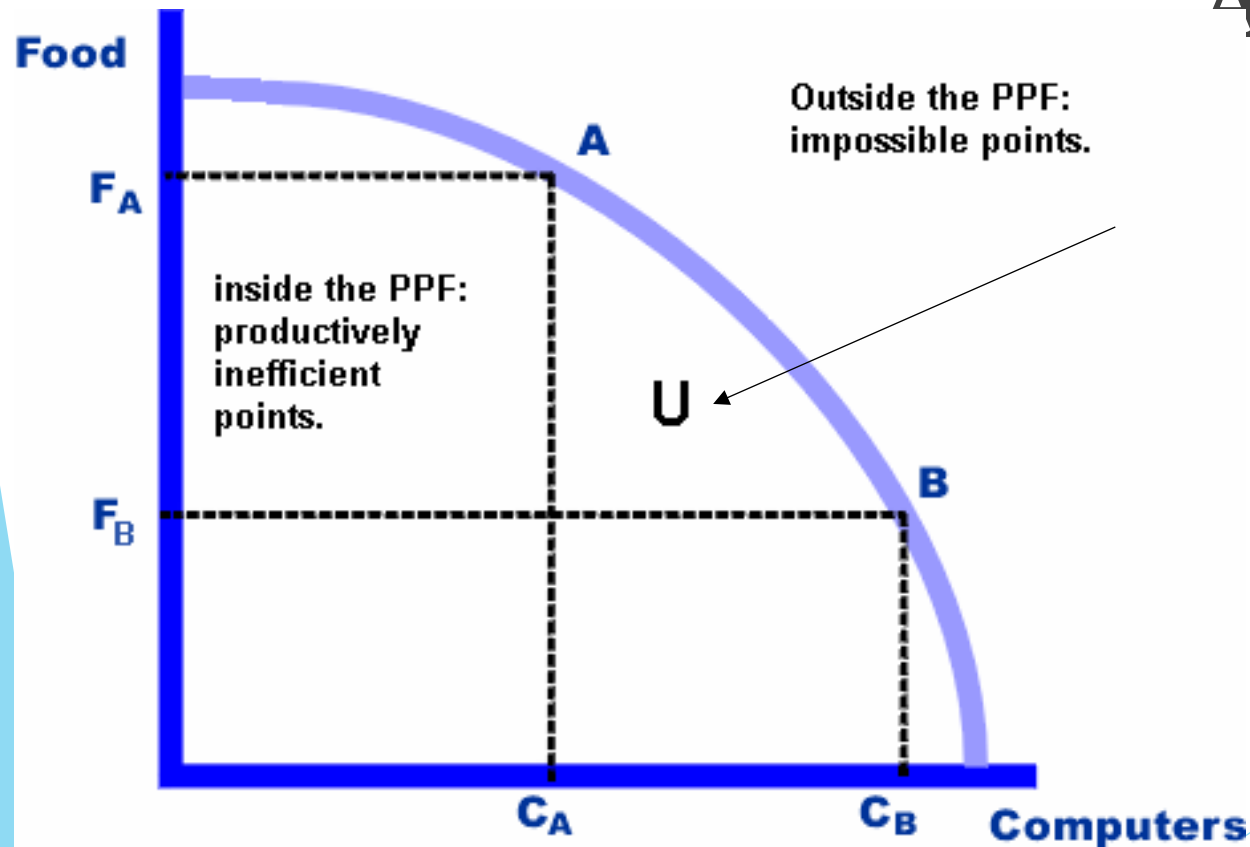


# Production Possibilities Curve for Food & Computers



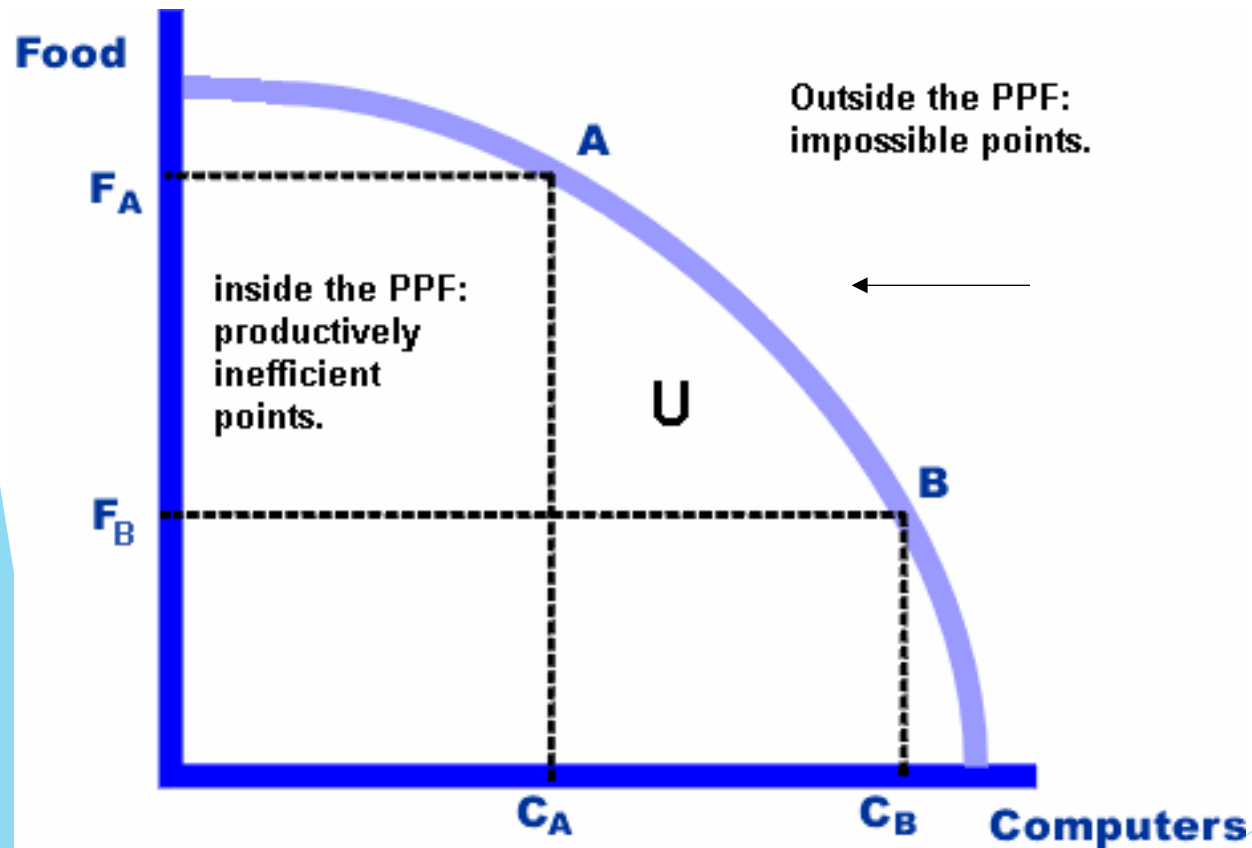
All points *on* the curve are points of maximum productive efficiency.

# Production Possibilities Curve for Food & Computers



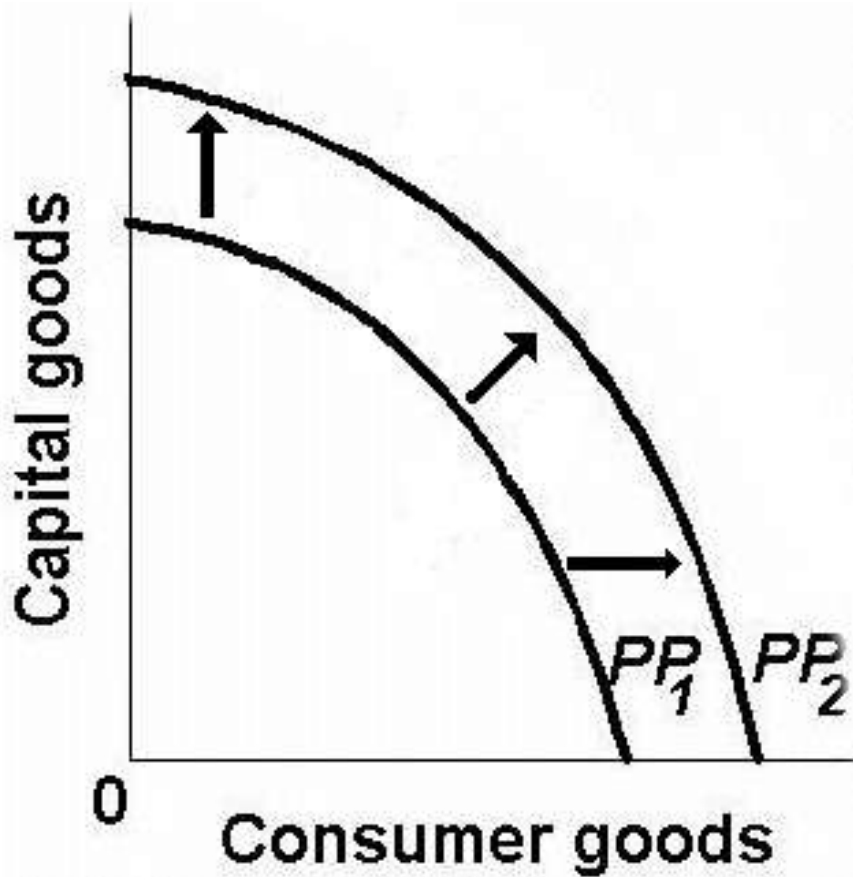
**All points  
inside the  
curve are  
feasible,  
but  
*inefficient.***

# Production Possibilities Curve for Food & Computers



**All points outside the curve are infeasible for given resources.**

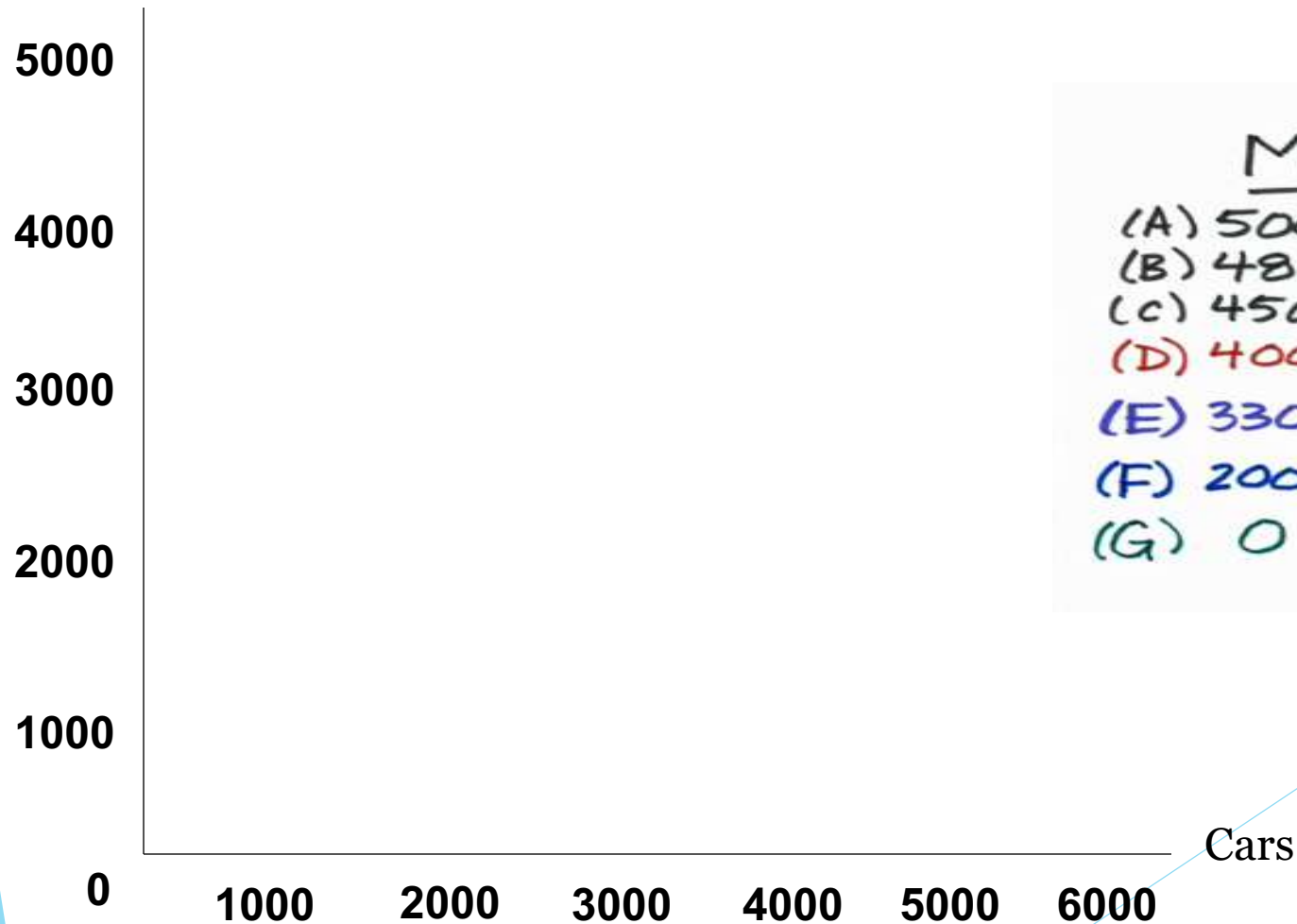
# Economic Growth



**Economic growth means an economy has increased its production potential. This is shown by a shift to the right in the PPC graph.**

# Mailboxes Vs Cars PPC

Mailboxes



<u>M</u>	<u>C</u>
(A) 5000	0
(B) 4800	1000
(C) 4500	2000
(D) 4000	3000
(E) 3300	4000
(F) 2000	5000
(G) 0	6000