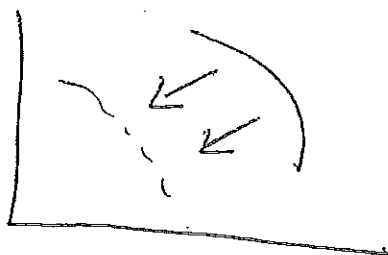


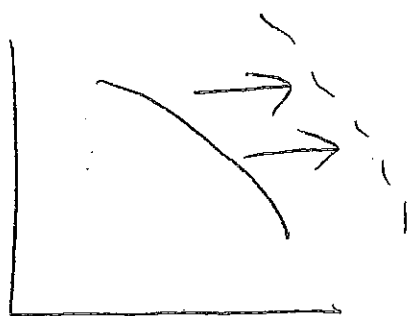
Production possibilities

lost
factors
of
prod.



A shift to left
is when you have
lost resources

gained
factors
of
prod.



a shift to right
is when you have
gained (or found)
resources (ie growth)

↑
ie. Factors of Production

Examples:

Growth (shifts right) happen when we gain factors of production so now we can produce both more Toyotas + Tanks,

- New Technology is developed,
- We Create a new factory
- More money is invested
- laws change that allow more people to work.

Law of increasing Costs ^{see} (p. 17) in text.

(this explains why PPC is curved).

As we switch from Tanks to Toyotas it may mean resources are not used for their best purpose + this increases the cost.

↗ not just \$,
but cost is "opportunity cost"

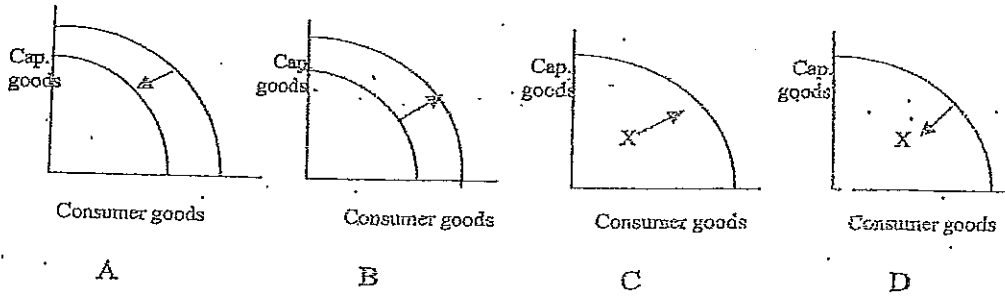
MORE PRACTICE WITH PRODUCTION POSSIBILITIES

Show on a production possibilities curve how each of the following events would affect a nation's production possibilities.

1. The labor force becomes more educated.
 2. The unemployment rate drops from 12% to 10%.
 3. Productivity (output per worker hour) increases.
 4. People begin retiring at earlier ages.
 5. New trade barriers are enacted.
 6. Factories which have been shut down are re-opened.
 7. A large number of new manufacturing facilities are built.
 8. The government takes over (nationalizes) the nation's oil and telecommunication industries.
-
- a. The computer is invented.
 - b. 1 million farm workers remain unemployed.
 - c. A drought.
 - d. The completion of a highway between a rural area and an urban area.

PRODUCTION POSSIBILITIES

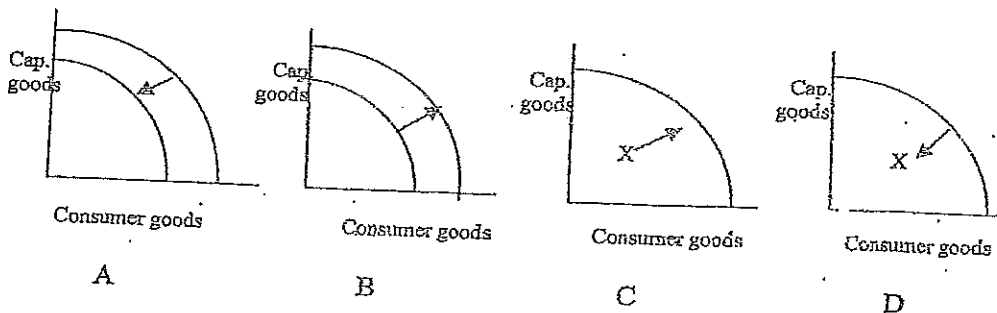
Write the letter of the graph which best depicts the impact of the following situations on a nation's production possibilities.



1. Labor force cut in half due to zombie apocalypse _____
2. The unemployment rate increases from 10% to 12% _____
3. Workers receive new training _____
4. A country's population begins to age _____
5. Steel plants in nation are temporarily shut down _____
6. Factories that were closed are reopened _____
7. A large number of new manufacturing facilities are built _____
8. A nation suffers loss of infrastructure (roads, airports, telecommunications) as result of war _____

PRODUCTION POSSIBILITIES

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