Name:

Date:

Facilitator:

School:

1.04 PPF Basics

1. List the four economic ideas represented by the production possibilities curve, and explain each idea fully (eight points).

A.

B.

C.

D.

2. What does inefficiency inside the PPF curve mean? (2 points)

3. What is a historical example that illustrates a point inside the PPF? (2 points)

4. Where will a country be on its production possibilities frontier? (2 points)

5. Can a country reach a point outside their current production possibilities frontier? Explain. (4 points)

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6. How can a country reach a point outside their current production possibilities frontier? (2 points)

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7. In your own words explain the economic principle of “Guns or Butter”. (2 points)

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8. Explain the production possibilities curve for a teenager who has two choices, working at a job to make money, and studying to get good grades. (4 points)