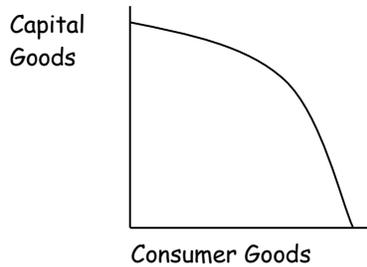


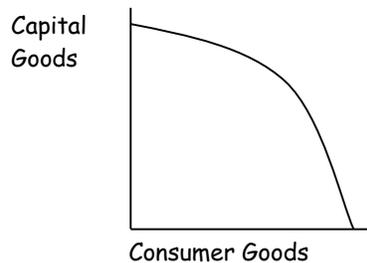
## Production Possibilities Curve Practice

### Unemployment



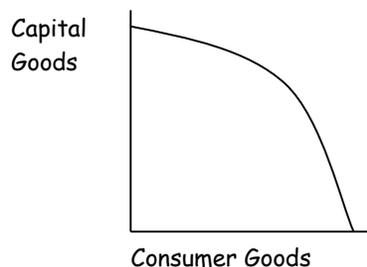
- Producing below the curve indicates that the economy is not making full use of the resources available to it.
- Resources are said to be "underutilized"
- Unemployment of resources (including capital, entrepreneurship, land and labor)

### Impossible



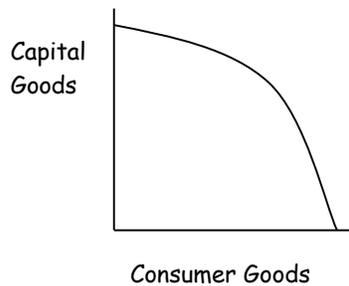
- Cannot be reached with the resources available
- Requires NEW resources and / or NEW technology to reach

### Resource increase for both capital and consumer goods



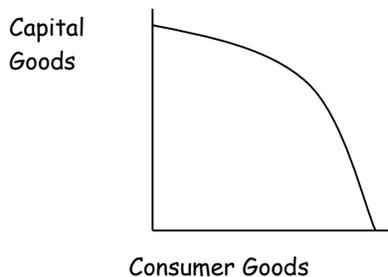
- Illustrated by a shift to the right of the entire curve
- Indicates that the economy can now produce more of BOTH types of goods shown on the graph
- Increases the productive potential of the economy by adding more resources and / or technology

Resource decrease for both capital and consumer goods



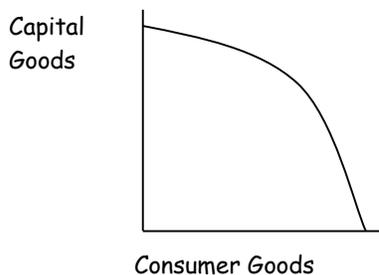
- Illustrated by a shift to the left of the entire curve
- Indicates that the economy can now produce LESS of BOTH types of goods shown on the graph
- Decreases the productive potential of the economy by removing resources and / or technology

Resource increase for capital goods only



- Technology and / or resources required to produce ONE type of good (capital goods in this example) are increased
- Shifts only one end of the curve to the right
- Increases the productive potential of the economy by increasing capital goods production

Resource increase for consumer goods only



- Technology and / or resources required to produce ONE type of good (consumer goods in this example) are increased
- Shifts only one end of the curve to the right
- Increases the productive potential of the economy by increasing consumer goods production