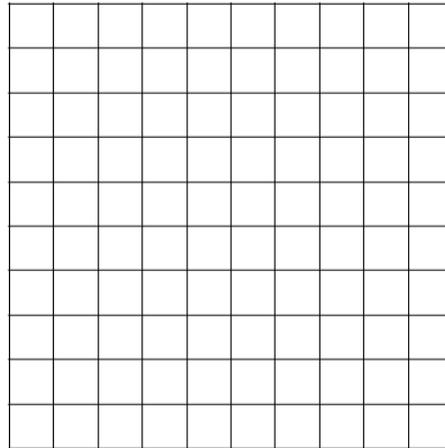Economics   Name:_____ Per:_____

Production Possibilities Frontier Practice

Directions: Using the x and y values, plot the points and graph the PPF. Label your axes! Then answer the questions that follow.

X- Values (chairs)	Y-Values (pounds of peanuts)
0	50
10	40
20	30
30	20
40	10
50	0

1. What is the opportunity cost of changing production from 10 chairs to 40 chairs?

   Answer:_____

2. What is the opportunity cost of changing production from 0 lbs of peanuts to 50 lbs of peanuts?

   Answer:_____

3. Plot a point at 10 chairs and 10 lbs of peanuts. What situation is the economy in at this point?

   Answer:_____

4. If the economy wanted to produce 30 chairs and 30 lbs of peanuts, what would have to happen? Why?
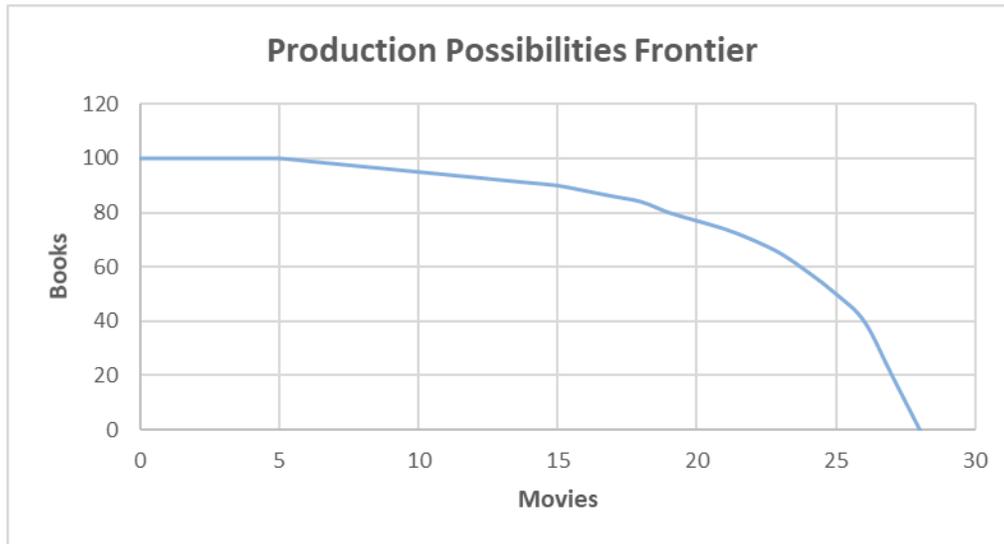
   Answer:_____

5. True or False: any point along the PPF is considered efficient.

   Answer:_____

6. Explain your answer to Number 5.

   Answer:_____

Directions: Study the graph presented below. Then perform the tasks or answer the questions that follow.

1. What would happen to the economy if the cost of inputs/production for movies and books increased? Answer the question and then draw the change, including arrows, on the graph above. Label your new PPF "A."

    Answer:_____

2. What would happen to the economy if a new technology was discovered that produced books and movies more efficiently? Answer the question and then draw the change, including arrows, on the graph above. Label your new PPF "B."

    Answer:_____

3. Why do you think economists find the PPF model useful for understanding how economies work even though all economies produce more than 2 goods or services?

    _____

    _____

    _____

    _____