***ECONOMICS***

***The Production Possibilities Curve Model***

***(10 Points)***

*Read pages 18-22 in the text and answer the following questions related to the Production Possibilities Curve.*

1. Explain the main idea behind the Production Possibilities Curve. What does the curve demonstrate when it comes to use of resources in an economy? (Trade-Off / Opportunity Cost)

2. What do points inside the line, on the line, and outside the line represent?

3. Where do we find efficiency and inefficiency when we look at the curve? Explain efficiency and inefficiency as it relates to the curve.

4. Is it possible for the curve to shift? What would the shift represent and what might cause the shift? Give at least two specific examples.

5. Draw a PPC graph that fits your life.