

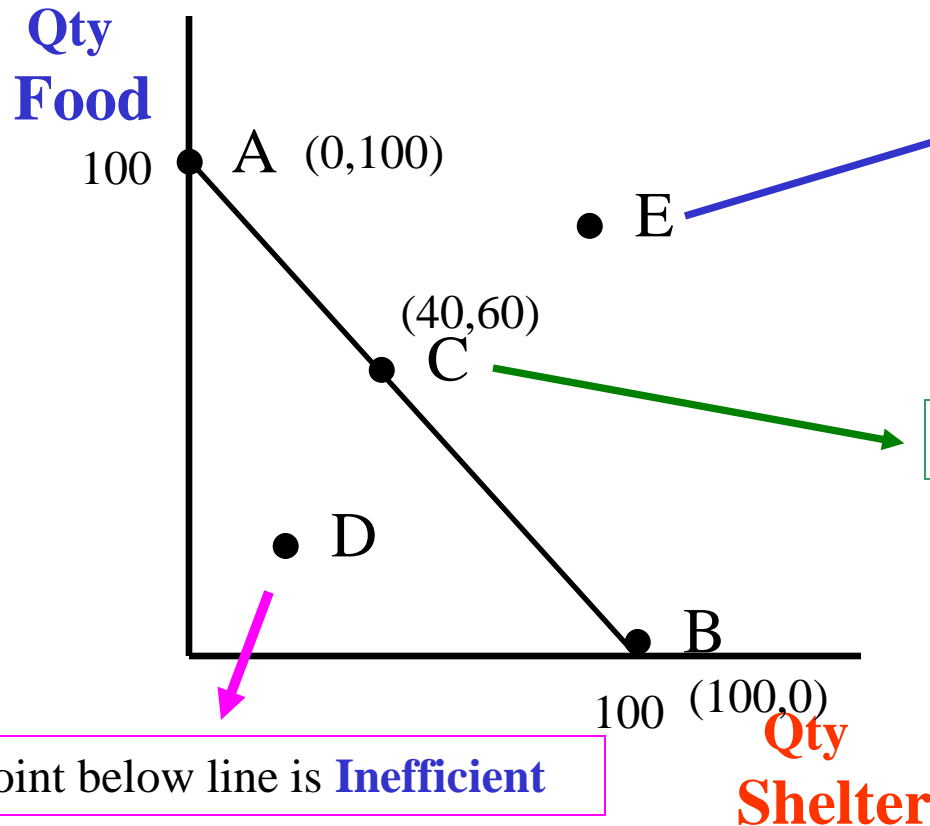
Production Possibilities Frontier

**Your 1st Economic
Graph!!!!!!!!!!!!!!**

Productions Possibility Frontier (PPF)

- PPF graph is an **economic model** which describes potential economic output of a country
- Assumptions:
 - The country only produces two products
 - Uses all of its **scarce resources** to produce both goods

Productions Possibility Frontier



PPF Summary

- Line represents all **efficient** production points
 - Assumes a country uses all of its scarce resources
- Points below are **inefficient**
 - wastes scarce resources
- Points above are unobtainable in **short run**
 - With existing **technology & resources**
- Long Run goal is to **shift** the line outward

