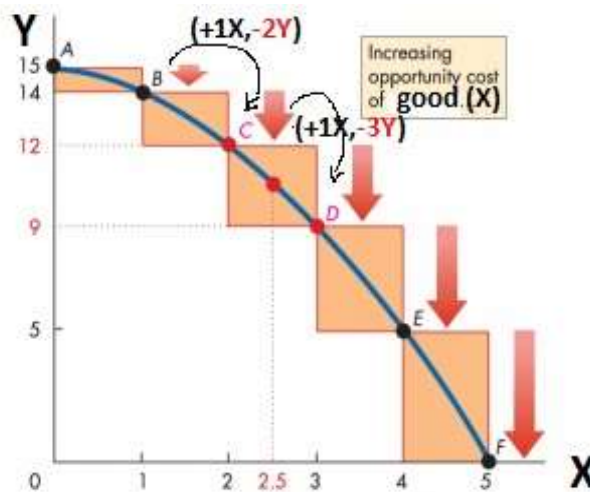


Definition of PPF:

- The production possibilities frontier is the boundary between **those combinations of goods and services that can be produced and those that cannot.**
- The production possibilities frontier **depicts the boundary between those combinations of goods and services that can be produced and those that cannot** given resources and the current state of technology.
- The production possibilities frontier itself shows **the maximum levels of production that can be attained.**
- The production possibilities frontier itself illustrates **the combination of goods and services that can be produced efficiently.**
- The production possibilities frontier has **negative slope and reflects tradeoffs in choices.**



- On the vertical axis, the production possibilities frontier shows **the quantity of one good**; on the horizontal axis, the production possibilities frontier shows **the quantity of another good.**
- **Consumers will receive equal benefits from the two goods illustrated in the PPF** is NOT true concerning a society's production possibilities frontier (PPF)

Questions on this part:

- The production possibilities frontier is the boundary between_____.
 A) those combinations of goods and services that can be produced and those that can be consumed.
 B) those resources that are limited and those that are unlimited.
C) those combinations of goods and services that can be produced and those that cannot.
 D) those wants that are limited and those that are unlimited.
- The production possibilities frontier has_____.
 A) upward sloping and reflects unlimited choices.
 B) upward sloping and reflects tradeoffs in choices.
 C) downward sloping and reflects unlimited choices.
D) negative slope and reflects tradeoffs in choices.

- The production possibilities frontier_____.

A) depicts the boundary between those combinations of goods and services that can be produced and those that cannot given resources and the current state of technology.

- B) shows how many goods and services are consumed by each person in a country.
C) is a model that assumes there is no scarcity and no opportunity cost.
D) is a graph with price on the vertical axis and income on the horizontal axis.

- The production possibilities frontier itself shows_____.

- A) the maximum amount of resources available at any given time.
B) combinations of goods and services that do not fully use available resources.
C) the maximum rate of growth of output possible for an economy.
D) the maximum levels of production that can be attained.

- On the vertical axis, the production possibilities frontier shows _____; on the horizontal axis, the production possibilities frontier shows _____.

- A) the quantity of a good; the number of workers employed to produce the good
B) the quantity of a good; the price of the good
C) the quantity of a good; a weighted average of resources used to produce the good
D) the quantity of one good; the quantity of another good

- Which of the following is NOT true concerning a society's production possibilities frontier (PPF)?

- A) It reveals the maximum amount of any two goods that can be produced from a given quantity of resources.
B) Tradeoffs occur when moving along a PPF.
C) Production efficiency occurs when production is on the frontier itself.
D) Consumers will receive equal benefits from the two goods illustrated in the PPF.

- Which of the following is NOT illustrated by a production possibilities frontier?

- A) scarcity
B) opportunity cost
C) necessity for choice
D) who gets the goods

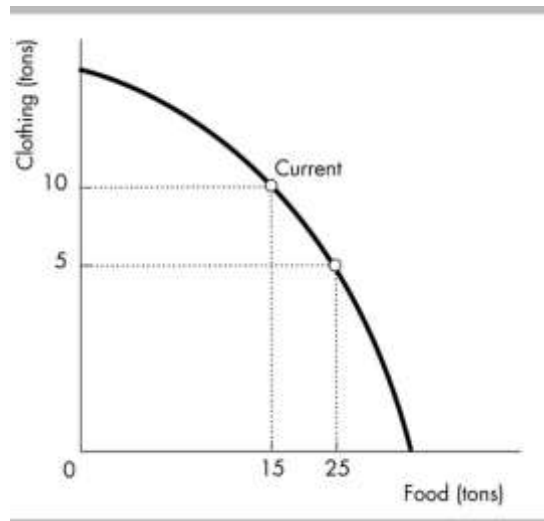
- The production possibilities frontier itself illustrates the combination of goods and services that can be produced efficiently.

ANSWER: True

Efficiency:

- When producing at a production **efficient point**, we face **a tradeoff and incur an opportunity cost.**
- Any point **on** a production possibilities frontier (PPF) itself is **production efficient.**

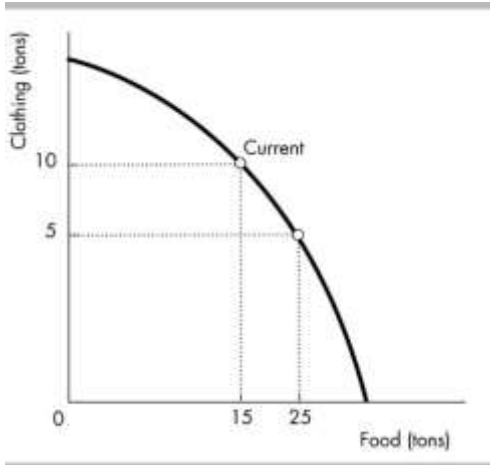
- If an economy is operating at a point **on** the production possibilities frontier, then society's resources are being **efficiently utilized**.
- A society that is producing **on** its production possibilities frontier is **fully utilizing** all of its productive resources.
- If a country **cannot produce any more of one good without giving up** the other good, we say that country has achieved **production efficiency**.
- A country that must decrease production of one good to increase the production of another must be using resources **efficiently**.
- The country could produce more of one good but to do so it must produce fewer of the other good. The country is producing **on** his production possibilities frontier.



- The above figure illustrates that if this country wishes to move from its current production point (labeled "Current") and have 10 more tons of food, it can do this by producing **5 fewer tons of clothing**.
- As we **increase the production of X, we find that we must give up larger and larger amounts of Y**. This situation illustrates **increasing opportunity cost**.

• Questions on this part:

- When producing at a production efficient point, _____.
 - A) our choice of the goods can be either on or within the production possibilities frontier
 - B) we can satisfy our all wants
 - C) the opportunity cost of another good is zero
 - D) we face a tradeoff and incur an opportunity cost**
- Any point on a production possibilities frontier (PPF) itself is _____.
 - A) production efficient.**
 - B) unattainable.
 - C) inefficient.
 - D) equitable.



- The above figure illustrates that if this country wishes to move from its current production point (labeled "Current") and have 10 more tons of food, it can do this by producing _____.

- A) 10 more tons of clothing.
- B) 10 fewer tons of clothing.
- C) 5 more tons of clothing.
- D) 5 fewer tons of clothing.**

- Suppose the country of Popcorn produces only jets and corn. If Popcorn cannot produce any more jets without giving up corn, we say that Popcorn has achieved _____.

- A) the highest marginal benefit.
- B) production efficiency.**
- C) the lowest marginal cost.
- D) the highest opportunity cost.

- Production efficiency occurs when production is on the production possibilities frontier.

ANSWER: True

- Harry produces 2 balloon rides and 4 boat rides an hour. Harry could produce more balloon rides but to do so he must produce fewer boat rides. Harry is producing inside his production possibilities frontier.

ANSWER: False

- As we increase the production of computers, we find that we must give up larger and larger amounts of DVD players per computer. This situation illustrates increasing opportunity cost.

ANSWER: True

- A society that is producing on its production possibilities frontier is fully utilizing all of its productive resources.

ANSWER: True

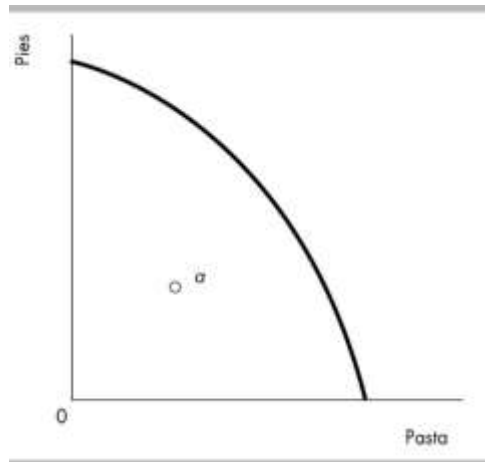
- A country that must decrease production of one good to increase the production of another must be using resources inefficiently.

False

Inefficiency:

- Any production point **inside** the production possibilities frontier is **inefficient**.
- Points **inside** the frontier are **less efficient** than points **on** the frontier.

• Questions on this part:



- The figure above shows Roger's production possibilities frontier. Point a is an _____ point and at that point production is _____.

A) attainable; efficient

B) attainable; inefficient

C) unattainable; inefficient

D) unattainable; efficient

- Any production point inside the production possibilities frontier is inefficient.

ANSWER: True

- If an economy is operating at a point inside the production possibilities frontier, then society's resources are being efficiently utilized.

ANSWER: False

- Points on the frontier are less efficient than points inside the frontier.

ANSWER: False

Attainable, and Unattainable

- Scarcity** is represented on a production possibilities frontier figure by the fact there are **attainable and unattainable points**.
- A point **outside** a production possibilities frontier indicates an output combination are **unattainable**.
- If production point is **outside** the production possibilities frontier production is in the "**unattainable**" region.

- **Questions on this part:**

- A point outside a production possibilities frontier indicates an output combination are unattainable.

ANSWER: True

- Scarcity is represented on a production possibilities frontier figure by the fact there are attainable and unattainable points.

ANSWER: True

- If production point is inside the production possibilities frontier production is in the "unattainable" region.

ANSWER: False (النقطة التي خارج المنحني يصعب تحقيقها وليس النقطة التي داخل المنحني)