**Production Possibility Frontier – Worksheet 1**

**Draw the following PPF scenarios on each axis:**

1. A firm has decided to dedicate more resources to beer than corn.

Corn

Beer

**In this scenario, where has an opportunity cost occurred?**

1. Sticking with beer and corn again - A more efficient production process has been developed to produce more beer and corn, while still using the same amount of resources.

**Let’s presume the production process in question is labour intensive. How might the production process be developed in order to produce more beer and corn?**

Corn

Beer

1. Sticking with beer and corn, all of the oil in this economy has been exhausted. What would the impact be upon the production possibility frontier?

**Now that this economy has no oil, explain why you have adapted the PPF curve in the way you have. What might the economy now have to do instead?**

1. Look the at the PPF diagram below a) for each of the economies labelled A-E, describe their current circumstances.



**A =**

**B =**

**C =**

**D =**

**E =**