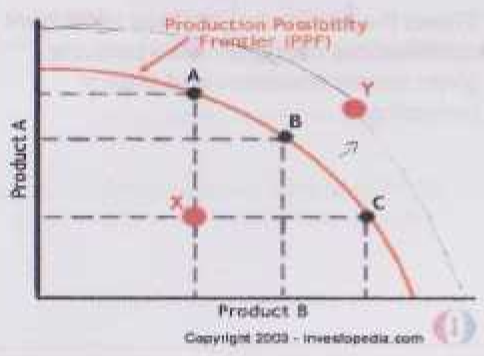
PPF's can be curved or straight lines



Allocation of Resources

- The distribution of scarce resources ('factors of production') among producers
  allocation/sharing
- The apportionment of scarce goods and services among consumers.

Activity

Consider what factors could shift out the PPF and enable the economy to grow and increase the output of both goods/services.

Show what this would look like on a diagram.

- more resources
- skilled workforce
- better technology

PPF shifts outwards

PPF shifting outwards shows an increase in the productive potential of an economy, this can lead to economic growth

Productive potential – the maximum output that an economy is capable of producing

Economic growth – change in the productive potential of an economy

Factors that shift the PPF outwards

More resources

- Increased workforce – migration, baby boom earlier, higher retirement age
- Better educated and skilled workforce
- Technological change – advances in technology can enable economies to produce more efficiently and thus produce more
- Better infrastructure

Factors that shift the PPF inwards

This will reduce the productive capacity of an economy

- War
- Smaller workforce – increased emigration, people having fewer children
- Natural disasters