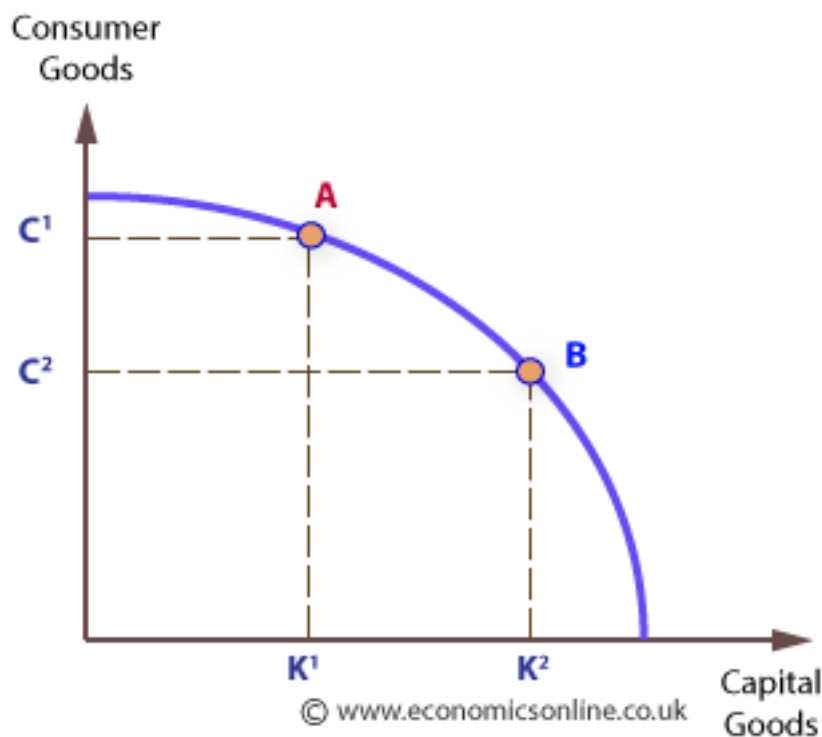




The more of one type of goods, the less of the other type of goods can be produced, but it curves (shown above)

If the economy chooses to produce A, the economy wants to increase production of consumer goods. If the economy chooses to produce B, the economy wants to increase the production of capital goods.

It is curved because the two are related, and also because some resources are better at producing a specific type of goods.

Not wasting resources = productively efficient = on the curve

If a point is not on the curve it means that resources are unemployed and are not being fully utilised.

Assumptions of PPC

- The economy only produces two types of goods.
- Available resources (how much land, labour, capital etc.)
- Given state of technology

What shifts a PPC

- Change in resources
- Change in technology

Why the PPC isn't straight