**Production Possibilities Frontier Exercise**

Questions

Paper fans

Paper planes

1. How many paper fans did the economy make?\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
How many paper planes did the economy make? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Label this point on the graph and call it A.
2. Suppose everyone present today made a plane:
How many paper planes would our economy have?\_\_\_\_\_\_\_\_\_\_\_\_
 How many paper fans would our economy have?\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Label this point on the graph and call it B.
3. Suppose everyone present today made a fan:
How many paper planes would our economy have?\_\_\_\_\_\_\_\_\_\_\_\_
 How many paper fans would our economy have?\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Label this point on the graph and call it C.
4. Now assume that only 25 students in this entire economy made 9 paper fans and 14 paper planes. Label this point of the graph and call it D.
	1. Are we utilizing all of our resource(s)? Yes or No \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
	2. If we are not utilizing all of our resources what resource(s) are we not utilizing?
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5. Could the current economy, given our current resources, create 50 paper fans and 45 paper planes ( Label this point on the graph and call it E)?
	1. How could our economy produce E? (List 3-4 ways)
6. Is this economy’s PPF straight or bowed out? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
7. Why is our economy’s PPF shaped the way it is? (Hint: Do you think the opportunity cost of producing paper fans and paper planes is constant or increasing?) Explain.