

CONCEPT: PRODUCTION POSSIBILITIES FRONTIER: ANALYZING GROWTH

- Recall the **Production Possibilities Frontier (PPF)** depicts the _____ production an economy can achieve



- How can the PPF be pushed outwards? Increases in supply, demand, and efficiency:
 - ☐ Supply factors enable the economy to expand its *Potential GDP*
 - > Increases in the quantity and quality of _____
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 - > Increases in the supply or stock of _____
 - > Improvements to _____
 - ☐ The demand factor matches the growth in production from supply factors
 - > Households, businesses, and government must _____ the increased output
 - > If demand does not match the increased supply, there will be unplanned increased _____
 - ☐ The efficiency factor ensures that we stay along the PPF to achieve:
 - > **Productive efficiency** – using resources in the least costly way
 - > **Allocative efficiency** – using resources to maximize the well-being of the citizens