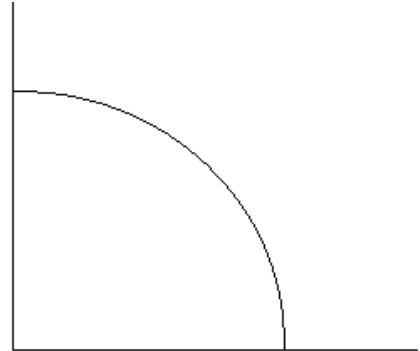


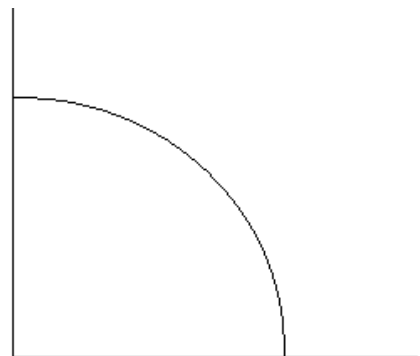
Coach Dangelmaier
AP Macroeconomics
The Production Possibilities Curve

For each of the following draw a correctly labeled graph of the production possibilities curve. Make sure to label the axes, the curve and all points appropriately

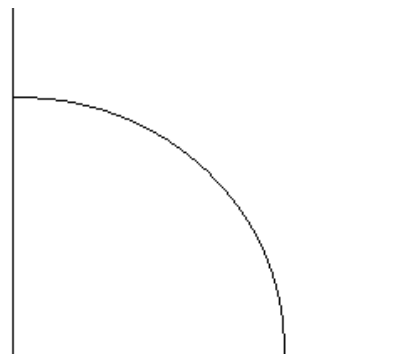
1. Assume an economy in a deep recession. Identify a point on the graph labeled 'A' that corresponds to an economy in recession.



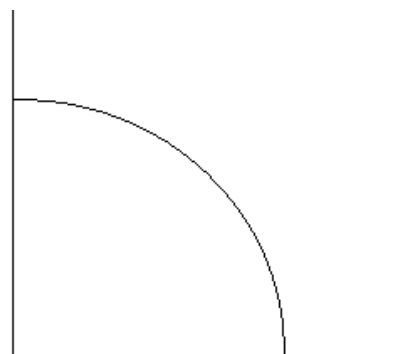
2. Label one axis cars and the other trucks on the following PPC. Assume that the factory is productively efficient. Show using dotted lines and arrows the impact of the factory's decision to increase the production of cars on the production of trucks. Label the initial condition as 'A' and the final condition as 'B'.



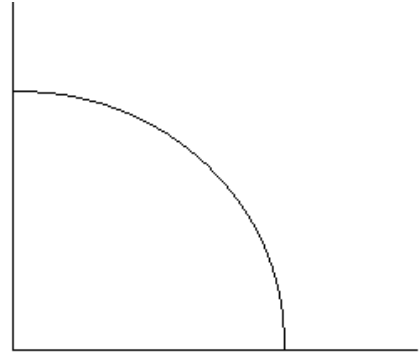
3. Show the effect of an increase in worker productivity on an economy.



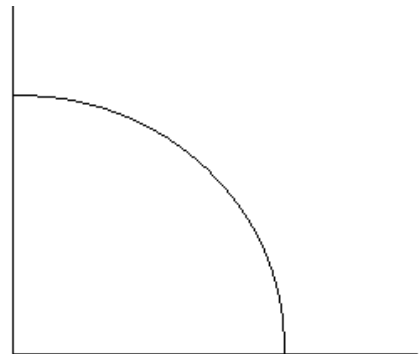
4. Show, using a correctly labeled PPC graph, how an economy could increase its production of capital goods at zero opportunity cost. (Hint: there are two correct ways to do this.)



5. Illustrate on your graph the short-run and long-run impact on an economy of a decision by society to decrease consumption and increase investment. Assume that the economy is being productively efficient.



6. Show the effect of an increase in corporate taxes on an economy.



7. Assume that the PPC represents the US economy in 1929. Identify a point that represents the economy in 1933 and a point that represents the economy in 1942.

