

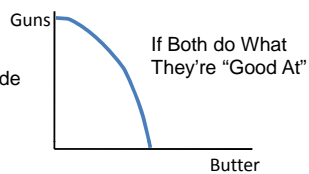
Production Possibilities Frontier

A Few Other Issues

PPF & Specialization

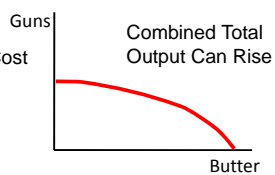
- **Country 1**

Differing Terms of Trade

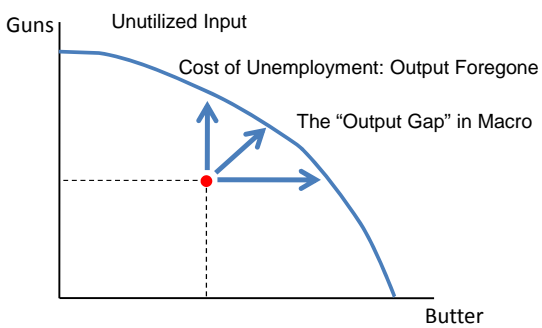


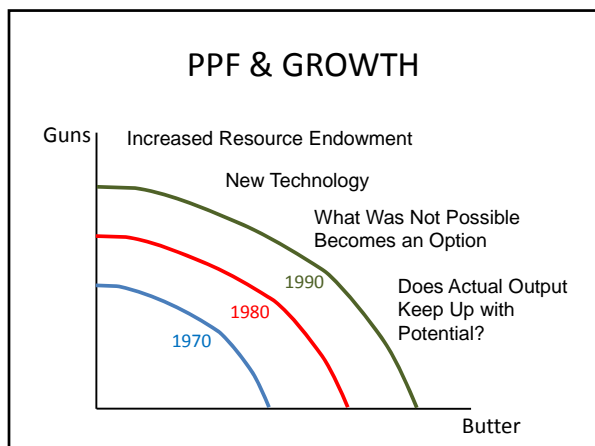
- **Country 2**

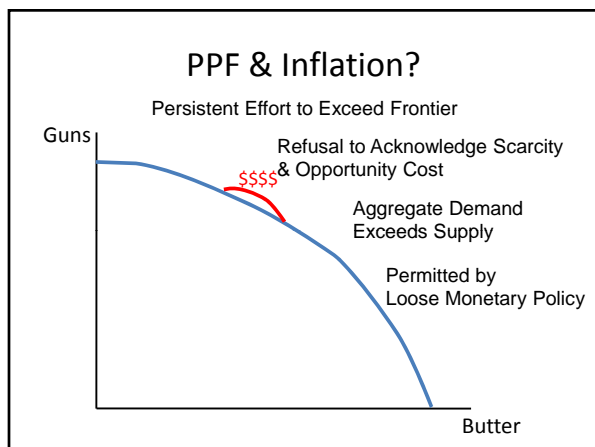
Differing Opportunity Cost

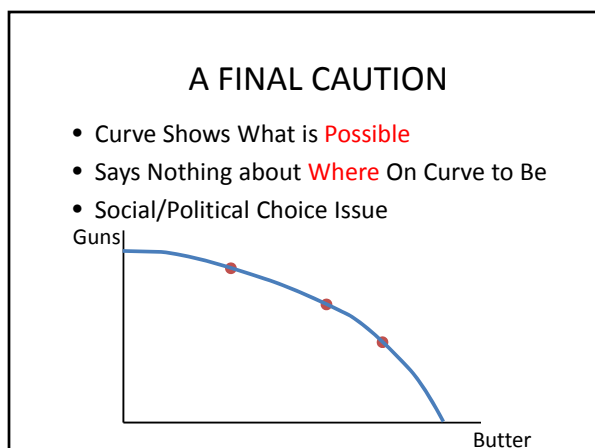


PPF & UNEMPLOYMENT









Wrap Up:

- **Specialization**
 - Different Resource Endowments/Technology
- **Unemployment**
 - “Inside” the PPF: Underutilized Resources
- **Growth**
 - Outward Shift in the PPF: More Becomes Possible
- **Inflation?when Trying to Be Beyond the PPF**
- **PPF Says Nothing about Consumption Choice**
 - Possibilities vs. Consumption Choice
