Production Possibilities Worksheet

Directions: Graph the following scenarios

1. The country is at full employment when widespread adoption of digital technologies (like AI and automation) enhances productivity across sectors.

Quantity of

Consumer

Goods

Quantity of Capital Goods

1. The country is experiencing a recession when essential minerals (like lithium or rare earth metals) are discovered. High-tech manufacturing with these minerals boosts the economy’s capacity.

Quantity of

Consumer

Goods

Quantity of Capital Goods

1. The country is experiencing full employment when a hurricane destroys factories, infrastructure, and resources, reducing the economy’s ability to produce goods and services.

Quantity of

Consumer

Goods

Quantity of Capital Goods



1. The country is experiencing a mild recession which is complicated by an increase in the elderly population and a declining birth rate, reducing the size of the labor force over time, limiting productive capacity.

Quantity of

Consumer

Goods

Quantity of Capital Goods

1. The economy is at full employment when the government decides to allocate more resources toward capital goods, like machinery and infrastructure.

Quantity of

Consumer

Goods

Quantity of Capital Goods