Production Possibilties Curve (PPC): is a model used by economists to illustrate the impact of scarcity in an economy.

Assumptions of PPC:

1. Resources are fixed.
2. All resources are fully used.
3. Only two things can be produced.
4. Technology is fixed.

Purpose of PPC:

1. Scarcity- shows how people have to make choices about limited resources.

2. Shows how trade-offs are required for every choice.

3. Graphically shows the opportunity cost of each choice.