

Activity: The Three Little Bears and Goldilocks

Economics

Name:

Hr:

Suppose that there are three bears living in a family: Papa Bear, Mama Bear, and Baby Bear (sound familiar?). Their total joy in life comes from eating salmon and berries. They catch salmon in a nearby river and gather berries in the forest. Each day they have only so much time to fish and gather. During this time they are not equally productive, as illustrated below:

	Number of salmon caught if all the time is spent <u>fishing</u>	Pounds of berries gathered if all the time is spent <u>gathering</u>
Papa Bear	4	2
Mama Bear	2	6
Baby Bear	1	4

This says, for example, that if Mama spent all her time fishing she would only catch 2 salmon. If she spent all her time gathering berries she would collect 6 pounds. If she spent half her time doing one thing and half the other, she would end up with one salmon and 3 pounds of berries.

Task #1: Given this information find this family's production possibilities curve for salmon and berries.

pounds of berries	16										
	14										
	12										
	10										
	8										
	6										
	4										
	2										
		0	1	2	3	4	5	6	7	8	
		# of Salmon									

Now suppose "new age" Goldilocks comes along and instead of eating their food and sleeping in their beds, she joins the family so that she may be "one" with nature. If Goldilocks spends all her time fishing she can catch 2 salmon. If she spends all her time gathering she can collect 4 pounds of berries. And, as above, if she splits the time in half she could catch one salmon and

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collect 2 pounds of berries.

Task #2: In a different color, draw the family's new production possibilities curve after Goldilocks joins the family.

1. Describe how the second curve is different than the first curve. _____

2. Make a prediction based on your curves. What would happen to the curve if the bears started using nets for fishing? Why? _____

3. Put a big "D" where you think the bears' production would be if papa bear decided to take the day off to watch the Super Bowl.

4. Imagine you are an efficiency expert called in to help the bears maximize their work. Who should specialize in picking berries? _____

Who should specialize in fishing? _____

Why? _____
