|  |
| --- |
| A country's consumption possibilities frontier can be outside its production possibilities frontier if |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | additional resources become available. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | there is an increase in the level of technology. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | the country engages in trade. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | All of the above are correct. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (e) | Both a and b are correct. | |
| **Table 3-1**   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | Labor Hours Needed to Make 1 Pound of: | | Pounds produced in 40 hours: | | |  | Meat | Potatoes | Meat | Potatoes | | Farmer | 8 | 2 | 5 | 20 | | Rancher | 4 | 5 | 10 | 8 | |  |  |  |  |  |   Refer to Table 3-1. The opportunity cost of 1 pound of meat for the farmer is |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | 1/4 hour of labor. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | 4 hours of labor. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | 4 pounds of potatoes. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | 1/4 pound of potatoes. | |
| **Table 3-1**   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | Labor Hours Needed to Make 1 Pound of: | | Pounds produced in 40 hours: | | |  | Meat | Potatoes | Meat | Potatoes | | Farmer | 8 | 2 | 5 | 20 | | Rancher | 4 | 5 | 10 | 8 | |  |  |  |  |  |   Refer to Table 3-1. The opportunity cost of 1 pound of meat for the rancher is |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | 4 hours of labor. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | 5 hours of labor. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | 5/4 pounds of potatoes. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | 4/5 pound of potatoes. | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Table 3-1**   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | Labor Hours Needed to Make 1 Pound of: | | Pounds produced in 40 hours: | | |  | Meat | Potatoes | Meat | Potatoes | | Farmer | 8 | 2 | 5 | 20 | | Rancher | 4 | 5 | 10 | 8 | |  |  |  |  |  |   Refer to Table 3-1. The opportunity cost of 1 pound of potatoes for the farmer is |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | 8 hours of labor. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | 2 hours of labor. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | 4 pounds of meat. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | 1/4 pound of meat. | |
| **Table 3-1**   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | Labor Hours Needed to Make 1 Pound of: | | Pounds produced in 40 hours: | | |  | Meat | Potatoes | Meat | Potatoes | | Farmer | 8 | 2 | 5 | 20 | | Rancher | 4 | 5 | 10 | 8 | |  |  |  |  |  |   Refer to Table 3-1. The opportunity cost of 1 pound of potatoes for the rancher is |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | 4 hours of labor. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | 5 hours of labor. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | 5/4 pounds of meat. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | 4/5 pound of meat. | |
| **Table 3-1**   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | Labor Hours Needed to Make 1 Pound of: | | Pounds produced in 40 hours: | | |  | Meat | Potatoes | Meat | Potatoes | | Farmer | 8 | 2 | 5 | 20 | | Rancher | 4 | 5 | 10 | 8 | |  |  |  |  |  |   Refer to Table 3-1. The Farmer has an absolute advantage in |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | meat, and the Rancher has an absolute advantage in potatoes. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | potatoes, and the Rancher has an absolute advantage in meat. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | meat, and the Rancher has an absolute advantage in meat. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | neither good, and the Rancher has an absolute advantage in both goods. | |
| **Table 3-1**   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | Labor Hours Needed to Make 1 Pound of: | | Pounds produced in 40 hours: | | |  | Meat | Potatoes | Meat | Potatoes | | Farmer | 8 | 2 | 5 | 20 | | Rancher | 4 | 5 | 10 | 8 | |  |  |  |  |  |   Refer to Table 3-1. The Rancher has an absolute advantage in |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | both goods, and the Farmer has a comparative advantage in meat. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | meat, and the Farmer has a comparative advantage in potatoes. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | meat, and the Farmer has a comparative advantage in neither good. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | both goods, and the Farmer has a comparative advantage in potatoes. | |
| **Table 3-1**   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | Labor Hours Needed to Make 1 Pound of: | | Pounds produced in 40 hours: | | |  | Meat | Potatoes | Meat | Potatoes | | Farmer | 8 | 2 | 5 | 20 | | Rancher | 4 | 5 | 10 | 8 | |  |  |  |  |  |   Refer to Table 3-1. The Farmer has an absolute advantage in |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | potatoes, and the Rancher has a comparative advantage in meat. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | meat, and the Rancher has a comparative advantage in potatoes. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | neither good, and the Rancher has a comparative advantage in potatoes. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | neither good, and the Rancher has a comparative advantage in meat. | |
| **Table 3-1**   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | Labor Hours Needed to Make 1 Pound of: | | Pounds produced in 40 hours: | | |  | Meat | Potatoes | Meat | Potatoes | | Farmer | 8 | 2 | 5 | 20 | | Rancher | 4 | 5 | 10 | 8 | |  |  |  |  |  |   Refer to Table 3-1. The Rancher has a comparative advantage in |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | neither good, and the Farmer has a comparative advantage in both goods. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | both goods, and the Farmer has a comparative advantage in neither good. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | meat, and the Farmer has a comparative advantage in potatoes. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | potatoes, and the Farmer has a comparative advantage in meat. | |
| **Table 3-1**   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | Labor Hours Needed to Make 1 Pound of: | | Pounds produced in 40 hours: | | |  | Meat | Potatoes | Meat | Potatoes | | Farmer | 8 | 2 | 5 | 20 | | Rancher | 4 | 5 | 10 | 8 | |  |  |  |  |  |   Refer to Table 3-1. The Farmer and Rancher both could benefit by the Farmer specializing in |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | meat and the Rancher specializing in potatoes. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | potatoes and the Rancher specializing in meat. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | neither good and the Rancher specializing in both goods. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | They cannot benefit by specialization and trade. | |
| These graphs illustrate the production possibilities available for dancing shoes to Fred and Ginger with 40 hours of labor.  **Figure 3-3** Testbank_IPET0103_nar005-1.jpg  Refer to Figure 3-3. The opportunity cost of 1 pair of tap shoes for Fred is |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | 1/3 pair of ballet slippers. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | 1/5 pair of ballet slippers. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | 3/5 pair of ballet slippers. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | 5/3 pairs of ballet slippers. | |
| These graphs illustrate the production possibilities available for dancing shoes to Fred and Ginger with 40 hours of labor.  **Figure 3-3** Testbank_IPET0103_nar005-1.jpg  Refer to Figure 3-3. The opportunity cost of 1 pair of tap shoes for Ginger is |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | 1/4 pair of ballet slippers. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | 1/3 pair of ballet slippers. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | 3/4 pair of ballet slippers. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | 4/3 pairs of ballet slippers. | |
| These graphs illustrate the production possibilities available for dancing shoes to Fred and Ginger with 40 hours of labor.  **Figure 3-3** Testbank_IPET0103_nar005-1.jpg  Refer to Figure 3-3. The opportunity cost of 1 pair of ballet slippers for Ginger is |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | 1/4 pair of tap shoes. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | 1/3 pair of tap shoes. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | 3/4 pair of tap shoes. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | 4/3 pairs of tap shoes. | |
| These graphs illustrate the production possibilities available for dancing shoes to Fred and Ginger with 40 hours of labor.  **Figure 3-3** Testbank_IPET0103_nar005-1.jpg  Refer to Figure 3-3. The opportunity cost of 1 pair of ballet slippers for Fred is |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | 1/3 pair of tap shoes. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | 1/5 pair of tap shoes. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | 3/5 pair of tap shoes. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | 5/3 pairs of tap shoes. | |
| These graphs illustrate the production possibilities available for dancing shoes to Fred and Ginger with 40 hours of labor.  **Figure 3-3** Testbank_IPET0103_nar005-1.jpg  Refer to Figure 3-3. Ginger has an absolute advantage in |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | ballet slippers and Fred has an absolute advantage in tap shoes. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | tap shoes and Fred has an absolute advantage in ballet slippers. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | neither good and Fred has an absolute advantage in both goods. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | both goods and Fred has an absolute advantage in neither good. | |
| These graphs illustrate the production possibilities available for dancing shoes to Fred and Ginger with 40 hours of labor.  **Figure 3-3** Testbank_IPET0103_nar005-1.jpg  Refer to Figure 3-3. Ginger has a comparative advantage in |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | tap shoes and Fred has a comparative advantage in ballet slippers. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | both goods and Fred has a comparative advantage in neither good. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | ballet slippers and Fred has a comparative advantage in tap shoes. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | neither good and Fred has a comparative advantage in both goods | |
| These graphs illustrate the production possibilities available for dancing shoes to Fred and Ginger with 40 hours of labor.  **Figure 3-3** Testbank_IPET0103_nar005-1.jpg  Refer to Figure 3-3. Fred should produce |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | only tap shoes. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | only ballet slippers. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | both ballet slippers and tap shoes. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | neither ballet slippers nor tap shoes. | |
| These graphs illustrate the production possibilities available for dancing shoes to Fred and Ginger with 40 hours of labor.  **Figure 3-3** Testbank_IPET0103_nar005-1.jpg  Refer to Figure 3-3. Ginger has an absolute advantage in |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | tap shoes and Fred has a comparative advantage in ballet slippers. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | both goods and Fred has a comparative advantage in neither good. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | ballet slippers and Fred has a comparative advantage in tap shoes. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | neither good and Fred has a comparative advantage in both goods | |
| These graphs illustrate the production possibilities available for dancing shoes to Fred and Ginger with 40 hours of labor.  **Figure 3-3** Testbank_IPET0103_nar005-1.jpg  Refer to Figure 3-3. Ginger should specialize in |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | tap shoes and Fred should specialize in ballet slippers. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | both goods and Fred should specialize in neither good. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | ballet slippers and Fred should specialize in tap shoes. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | neither good and Fred should specialize in both goods. | |
| These graphs illustrate the production possibilities available for dancing shoes to Fred and Ginger with 40 hours of labor.  **Figure 3-3** Testbank_IPET0103_nar005-1.jpg  Refer to Figure 3-3. If Fred and Ginger devote 1/2 of their time (20 hours) to the production of each good, total production of ballet slippers would be |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | 7 and total production of tap shoes would be 8. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | 8 and total production of tap shoes would be 8. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | 9 and total production of tap shoes would be 6. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | 10 and total production of tap shoes would be 8. | |
| These graphs illustrate the production possibilities available for dancing shoes to Fred and Ginger with 40 hours of labor.  **Figure 3-3** Testbank_IPET0103_nar005-1.jpg  Refer to Figure 3-3. If Fred and Ginger both specialize in the good in which they have a comparative advantage, total production of ballet slippers would be |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | 6 and total production of tap shoes would be 6. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | 8 and total production of tap shoes would be 6. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | 8 and total production of tap shoes would be 8. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | 8 and total production of tap shoes would be 10. | |
| These graphs illustrate the production possibilities available for dancing shoes to Fred and Ginger with 40 hours of labor.  **Figure 3-3** Testbank_IPET0103_nar005-1.jpg  Refer to Figure 3-3. If Fred and Ginger both specialize in the good in which they have a comparative advantage, total consumption of ballet slippers will be |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | 4 and total consumption of tap shoes will be 6. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | 6 and total consumption of tap shoes will be 6. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | 8 and total consumption of tap shoes will be 8. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | 8 and total consumption of tap shoes will be 10. | |
| Comparative advantage is based on |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | capital costs. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | labor costs. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | dollar price. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | opportunity costs | |
| Trade is based on |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | absolute advantage. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | comparative advantage. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | production costs. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | relative dollar prices | |
| Assume that Greece has a comparative advantage in fish and Germany has a comparative advantage in cars. If these two countries specialize and trade according to their comparative advantage |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
| |  |  |  | | --- | --- | --- | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (a) | all individuals in both countries will benefit. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (b) | Greece will specialize in and export cars. | | http://homeworkxpress.dotlearn.com/images/review_test_arrow.gifhttp://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (c) | Germany will produce more cars than in the absence of trade. | | http://homeworkxpress.dotlearn.com/images/review_test_hollow_bullet.gif | (d) | Germany will produce more fish than in the absence of trade. | |