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| --- |
| A country's consumption possibilities frontier can be outside its production possibilities frontier if |
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|  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 |
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| --- | --- | --- |
|  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 |
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| --- | --- | --- |
|  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. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **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 |
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| --- | --- | --- |
|  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 |
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| --- | --- | --- |
|  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 |
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| --- | --- | --- |
|  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 |
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| --- | --- | --- |
|  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 |
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| --- | --- | --- |
| 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 |
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| --- | --- | --- |
|  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 |
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|

|  |  |  |
| --- | --- | --- |
|  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.jpgRefer to Figure 3-3. The opportunity cost of 1 pair of tap shoes for Fred is |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
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|  |  |  |
| --- | --- | --- |
|  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.jpgRefer to Figure 3-3. The opportunity cost of 1 pair of tap shoes for Ginger is |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
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| --- | --- | --- |
|  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.jpgRefer to Figure 3-3. The opportunity cost of 1 pair of ballet slippers for Ginger is |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
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|  |  |  |
| --- | --- | --- |
|  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.jpgRefer to Figure 3-3. The opportunity cost of 1 pair of ballet slippers for Fred is |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
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|  |  |  |
| --- | --- | --- |
|  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.jpgRefer to Figure 3-3. Ginger has an absolute advantage in |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
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| --- | --- | --- |
| 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.jpgRefer to Figure 3-3. Ginger has a comparative advantage in |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
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| --- | --- | --- |
|  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.jpgRefer to Figure 3-3. Fred should produce |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
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| --- | --- | --- |
| 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.jpgRefer to Figure 3-3. Ginger has an absolute advantage in |
| http://homeworkxpress.dotlearn.com/images/transparent.gif |
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| --- | --- | --- |
|  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.jpgRefer to Figure 3-3. Ginger should specialize in |
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| --- | --- | --- |
|  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.jpgRefer 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 |
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| --- | --- | --- |
| 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.jpgRefer 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 |
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|  |  |  |
| --- | --- | --- |
|  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.jpgRefer 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 |
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|  |  |  |
| --- | --- | --- |
|  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 |
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|  |  |  |
| --- | --- | --- |
|  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. |

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