

## Quiz & Worksheet - Comparative Advantage

1.

Country A can either produce 10 cars or 10 computers, while country B can produce either 4 cars or 8 computers. Based on this information, which of the following statements is FALSE?

- Country A has an absolute advantage in computers.
- Country A has an absolute advantage in cars.
- Country A has a comparative advantage in computers.
- Country B has a comparative advantage in computers.

2. If Sally can produce 1 term paper or 4 cookies in one hour, and Adam can produce 2 term papers or 1 cookie in the same amount of time, which of these statements is true?

- Sally has a comparative advantage in cookies, while Adam has a comparative advantage in term papers.
- Adam has a comparative advantage in cookies, while Sally has a comparative advantage in term papers.
- Both Sally and Adam have the same opportunity costs for these two goods.
- Sally uses more resources to produce cookies than she does to produce term papers.
- Adam uses more resources to produce term papers than he does to produce cookies.

3. Which of the following are problems that all economies face?

- How to use scarce resources to satisfy unlimited wants.
- How to use scarce resources to satisfy unlimited wants, and how to shrink the money supply.
- How to use scarce resources to satisfy unlimited wants, how to decide what goods and services to produce, how much to produce, and for whom to produce.
- How to shrink the money supply, and how to increase opportunity costs for everyone equally.
- How to decide what goods and services to produce, how much to produce, and for whom to produce, and how to increase opportunity costs for everyone equally.

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