

Name \_\_\_\_\_

### COMPARATIVE ADVANTAGE PRACTICE QUESTION

The following figures represent the amount that can be produced with a fixed amount of factor inputs.

	<b>Shirts</b>	<b>TVs</b>
<b>China</b>	400	200
<b>India</b>	120	30

a. Which country has an absolute advantage in producing shirts? Which country has an absolute advantage in producing TVs? Explain how you got your answer?

b. What is China's opportunity cost for producing one shirt? What is India's opportunity cost for producing one TV?

c. Identify which country has a comparative advantage in shirts? Which country has the comparative advantage in TVs? Explain how you got your answer?

d. Which country would import TVs?

e. Assume the two countries trade, and that the terms of the trade are 3 shirts for 1 TV. Would the two countries trade? Why or why not?