1. Suppose that Australia and Brazil have the outputs per worker in producing sleds and clarinets shown in the table below:

|  |  |  |
| --- | --- | --- |
| Goods | Australia | Brazil |
| Sled | 300 | 200 |
| Clarinet | 2 | 1 |

1. What is Australia’s opportunity cost of producing a sled? What is Brazil’s opportunity cost of producing a sled?
2. What is Australia’s opportunity cost of producing a clarinet? What is Brazil’s opportunity cost of producing a clarinet?
3. Does Australia have absolute advantage in producing anything? Explain.
4. Does Australia have comparative advantage in producing anything? Explain.
5. Does Brazil have comparative advantage in producing anything? Explain.
6. In Japan, one worker can make 5 tons of rubber or 80 radios. In Malaysia, one worker can make 10 tons of rubber or 40 radios.
7. Who has the absolute advantage in the production of rubber or radios? How can you tell?
8. Calculate the opportunity cost of producing a radio in Japan and in Malaysia. Which country has a comparative advantage in the production of radios?
9. Calculate the opportunity cost of producing a ton of rubber in Japan and in Malaysia. Which country has a comparative advantage in producing rubber?
10. Thanos snapped and eliminated fifty percent of the population in the Marvel fictional world. How would this affect the demand of the food market?
11. Draw the shift of the demand curve for hamburgers in your hometown due to the following events:
12. The price of tacos increases
13. All hamburger sellers raise the price of their french fries (assume fries and burgers are complementary goods)
14. Income falls in town. Assume that hamburgers are a normal good for most people.