

Labor hours needed to make one unit of	Amount produced in 40 hours
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	Cheese	Bread	Cheese	Bread
England	1	2	40	20
Spain	2	8	20	5

What is absolute advantage?

Explain comparative advantage.

Calculate all opportunity costs related to this problem.

What is the opportunity cost of Cheese for England? How about for Spain?

Who has comparative advantage in Cheese production and why?