

California Polytechnic State University

Economics 330: International Trade

Winter 2009, Quiz 1

Fill in the blanks with your own numbers. Then answer the questions. If you use the numbers from the quiz that was posted in the fall of 2008, you will get 0. If you copy from your neighbor, you will get 0 and I will fail you for the course.

Hours of Labor Needed to Make One Unit		
	Food	Clothing
Home	1	2
Foreign	1	2

A. Which country has absolute advantage in clothing? Explain your answer.

No one has an absolute advantage in clothing because both countries take two hours to make on unit.

B. Which country has comparative advantage in clothing? Show your work.

No one has a comparative advantage in clothing because both the opportunity cost of clothing is 2 units of food in each country.