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|-----|--------------------------|--------|--------|
| 1. | ANS: E | PTS: 1 | DIF: M |
| | MSC: Critical Thinking | | |
| 2. | ANS: D | PTS: 1 | DIF: M |
| | MSC: Critical Thinking | | |
| 3. | ANS: D | PTS: 1 | DIF: M |
| | MSC: Analytical Thinking | | |
| 4. | ANS: A | PTS: 1 | DIF: M |
| | MSC: Analytical Thinking | | |
| 5. | ANS: B | PTS: 1 | DIF: M |
| | MSC: Analytical Thinking | | |
| 6. | ANS: D | PTS: 1 | DIF: M |
| | MSC: Analytical Thinking | | |
| 7. | ANS: B | PTS: 1 | DIF: M |
| | MSC: Analytical Thinking | | |
| 8. | ANS: A | PTS: 1 | DIF: M |
| | MSC: Concept-Based | | |
| 9. | ANS: C | PTS: 1 | DIF: M |
| | MSC: Fact-Based | | |
| 10. | ANS: D | PTS: 1 | DIF: E |
| | MSC: Fact-Based | | |
| 11. | ANS: B | PTS: 1 | DIF: D |
| | MSC: Analytical Thinking | | |
| 12. | ANS: B | PTS: 1 | DIF: M |
| | MSC: Analytical Thinking | | |
| 13. | ANS: B | PTS: 1 | DIF: M |
| | MSC: Concept-Based | | |

#6 Fig 4-4

AlphaLand: $1R = 2T$ $1T = \frac{1}{2}R$

OmegaLand: $1R = \frac{1}{2}T$ $1T = 2R$
comp. adv.

Terms of Trade:

AlphaLand wants $> \frac{1}{2}$ Radio

OmegaLand wants $> \frac{1}{2}$ Tire

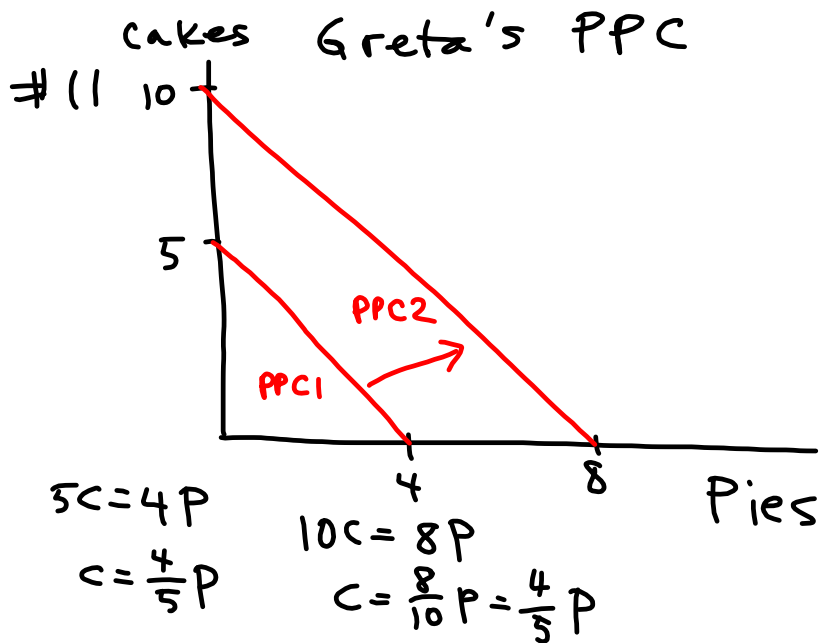
a. $1T = \frac{5}{2}R$ $1R = \frac{2}{5}T$ OmegaLand: NO!

b. $1T = \frac{1}{3}R$ AlphaLand NO!

c. $1T = 2R$ $R = \frac{1}{2}T$ OmegaLand: "meh!"

d. $1T = \frac{3}{2}R$ $1R = \frac{2}{3}T$

7 (a) $1R = \frac{7}{4}T$ $1T = \frac{4}{7}R$ OK
 (b) $1R = \frac{1}{2}T$ NO



Terms of Trade

steak $\$5$ pork chops

\$5

\$3

\$15:

$$3S = 5P$$

$$S = \frac{5}{3}P \quad \leftarrow \text{(compare to}$$

$$P = \frac{3}{5}S \quad \text{opportunity costs)}$$