Introduction to Global Economics
Answers to Quiz Two Questions

A. The production possibilities frontier for country IN is concave to the origin
   and the slope of AB > BC > CD > DE.
B. The slope of AB is –5.
C. The slope of BC is –10.
D. The slope of CD is –15.
E. The slope of DE is –20.
F. The slope of AB measures the opportunity cost in terms of good Y to produce
   the first unit of good X.
G. The slope of BC measures the opportunity cost in terms of good Y to produce
   the second unit of good X.
H. The slope of CD measures the opportunity cost in terms of good Y to produce
   the third unit of good X.
I. The slope of DE measures the opportunity cost in terms of good Y to produce
   the fourth unit of good X.

Question Two:

J. The production possibilities frontier for country OUT is concave to the origin
   and the slope of AB > BC > CD > DE.
K. The slope of AB is –1.
L. The slope of BC is –2.
M. The slope of CD is –3.
N. The slope of DE is –4.
O. The slope of AB measures the opportunity cost in terms of good Y to produce
   the first unit of good X.
P. The slope of BC measures the opportunity cost in terms of good Y to produce
   the second unit of good X.
Q. The slope of CD measures the opportunity cost in terms of good Y to produce
   the third unit of good X.
R. The slope of DE measures the opportunity cost in terms of good Y to produce
   the fourth unit of good X.

Question three:

A. The price of good X is 11 units of good Y.
B. There is no incentive for country IN to make any good X since all four units
   of good X that could be produced in country IN can be produced at a lower
   cost in country OUT. The answer is zero.
C. If country IN produces no X then it must produce 50 units of good Y.
D. Country OUT has a comparative advantage in all four units of goof X so all
   four units will be produced in country OUT.
E. If country OUT produces four units of then it can produce no units of good Y.
F. OUT.
G. One or two but no more than two and only two if country IN wants to consume four units of X.

H. IN

I. Eleven or 22 but no more than 22 and only 22 if country IN wants to consume four units of X.

J. Four units of Y if it imports one unit of X and 13 units of Y if it imports two units of X.

K. Eight units of Y if it exports one unit of X and 15 units of Y if it exports two units of X.