Sometimes the concept of comparative advantage can be applied to countries. This problem is the same as the example I gave you in class. I just substituted two countries, the US and the UK, for Cook and the class. Use your notes if you have trouble.

I. The following table contains the number of units of wheat and the number of units of cloth output that can be produced in one hour in the United States and in one hour in the U.K.

<table>
<thead>
<tr>
<th></th>
<th>United States</th>
<th>U.K.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Cloth</td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>

1. Which country has an absolute advantage in wheat?
2. Which country has an absolute advantage in cloth?
3. What is the opportunity cost of wheat in the U.S.?
4. What is the opportunity cost of cloth in the U.S.?
5. What is the opportunity cost of wheat in the U.K.?
6. What is the opportunity cost of cloth in the U.K.?
7. Which country has a comparative advantage in wheat?
8. Which country has a comparative advantage in cloth?
9. Assume there are 100 hours of resources available in the U.S. and 100 hours of resources available in the U.K.
10. Place wheat on the vertical axis and cloth on the horizontal axis of a two-dimensional graph.
11. Draw the production possibility frontier for the U.S. and label the intercepts.
12. What is the slope of the U.S. production possibility frontier?
13. What does the slope of the U.S. production possibility frontier measure?
14. Draw the production possibility frontier for the U.K. and label the intercepts.
15. What is the slope of the U.K. production possibility frontier?
16. Locate the point on the world production possibility frontier that implies both countries are specializing in the production of the commodity for which it has a comparative disadvantage and label this point A.
17. Connect point A to the intercepts of the world production possibility frontier.
18. Locate the point on the world production possibility frontier that implies both countries are specializing in the production of the commodity for which it has a comparative advantage and label this point B.
19. Connect point B to the intercepts of the world production possibility frontier.