1. Suppose an American worker can make 50 pairs of gloves or grow 300 radishes per day. A Bangladeshi worker, on the other hand, can produce 100 pairs of gloves or grow 200 radishes per day. Using the concepts of absolute and comparative advantage, we can say that:
   A. the United States has the comparative advantage in the production of both gloves and radishes.
   B. the United States has the comparative advantage in neither the production of gloves nor radishes.
   C. the United States has the comparative advantage in the production of gloves only.
   D. the United States has the comparative advantage in the production of radishes only.

2. Suppose an American worker can make 50 pairs of gloves or grow 300 radishes per day. A Bangladeshi worker, on the other hand, can produce 100 pairs of gloves or grow 200 radishes per day. Which of the following statements is true?
   A. Bangladesh should specialize in glove production since it possesses the comparative advantage in glove production.
   B. Bangladesh should specialize in radish production since it possesses the comparative advantage in radish production.
   C. Bangladesh should only produce gloves since it has the absolute advantage in glove production.
   D. Bangladesh should only produce radishes since it has the absolute advantage in radish production.
3. Suppose an American worker can make 100 chairs or catch 1000 fish per day. A Chilean worker, on the other hand, can produce 40 chairs or catch 400 fish per day. The United States possesses an absolute advantage in chair production, but not an absolute advantage in fish production. 
A. absolute; comparative 
B. comparative; absolute 
C. absolute; absolute 
D. comparative; comparative

4. The United States and Canada trade hockey skates and apple pie. The United States has an absolute and a comparative advantage in the production of apple pie, therefore: 
A. Canada must have the comparative advantage in the production of skates. 
B. Canada must have the absolute advantage in the production of skates. 
C. Canada must have the absolute and comparative advantage in the production of skates. 
D. the United States must have the comparative advantage in the production of skates, too.

5. Suppose the figure shown represents the production possibilities frontier for Country A. Country B offers to trade four trucks for every airplane. Assuming Country A specializes in airplane production, which of the following combination of goods could Country A consume? 
A. (15 airplanes, 20 trucks) 
B. (10 airplanes, 20 trucks) 
C. (10 airplanes, 30 trucks) 
D. (5 airplanes, 20 trucks)
6. Suppose that a worker in Country A can make either 10 iPods or 5 tablets each year. Country A has 100 workers. Suppose a worker in Country B can make either 2 iPods or 10 tablets each year. Country B has 200 workers. Country B has the comparative advantage in the production of:
A. iPods only.
B. tablets only.
C. both iPods and tablets.
D. neither iPods or tablets.

7. The four important characteristics that define a competitive market are:
A. standardized good, full information, no transactions costs, participants are price takers.
B. standardized information, finished good, no transactions costs, participants are price makers.
C. standardized good, same information for buyer and seller, low transactions costs, participants are price takers.
D. standardized good, full information, no transactions costs, participants are price makers.

8. In economic terminology, a buyer or seller who cannot affect the market price is called a:
A. price taker.
B. price maker.
C. price setter.
D. price signaler.
9. The amount of a particular good that buyers in a market will purchase at a given price during a specified period is called:
   A. quantity demanded.
   B. quantity supplied.
   C. demand.
   D. supply.

10. The law of demand describes the:
    A. inverse relationship between price and quantity demanded.
    B. direct relationship between price and quantity demanded.
    C. inverse relationship between income and quantity demanded.
    D. direct relationship between income and quantity demanded.