

Solutions

Each answer shows the steps, then the **result**.

2.1

- absolute advantage is producing more with the same resources; comparative advantage is producing at a lower opportunity cost

2.2

- each specializes where its opportunity cost is lowest, then trades, so both get more than they could produce alone

2.3

- 1 cloth costs $\frac{12}{6} = 2$ wheat

3.1 B

3.2 B

3.3

(a)

- 2 chairs

(b)

- 4 chairs

(c)

- Maya — her opportunity cost (2 chairs) is lower