

# Question set on macroeconomics assignment

[Economics](#)



**ASSIGN  
BUSTER**

Comparative advantage affects trade the most because with specializing in producing one reduce the companies must trade to receive other products. Comparative advantage also considers the opportunity of cost to produce one product verse the other. 2. Let us assume two students must prepare a presentation for their marketing class. As part of their class presentation, they must do a series of calculations and prepare 50 Powering slides. It would take Larry 10 hours to do the required calculation and 10 hours to prepare the slides.

It would take Kate 12 hours to do the series of the calculations and 20 hours to prepare the PPTP slides. A. How much time would it take the two students to complete the project if they divide the two tasks equally? It would take both students about 26 hours if the work is divided evenly. B. How much time would it take the two students to complete the project if they use comparative advantage and specialize in calculating or preparing slides? It would take both students 22 hours total if Larry prepares the slides and if Kate does the calculations.

C. If Larry and Kate have the same opportunity cost of \$5 per hour, is there a better solution than for each to specialize in calculating or preparing slides? Specializing in the calculations or preparing the slides is the best option for both Larry and Kate. It reduces the amount of time that they will spend on the project and helps to reduce their opportunity cost as well. 3. Let us assume there are only two countries in the world, and the two countries face the following production possibilities frontiers.

Further assume that the two countries produce popcorn and peanuts.

Country A's Production Possibilities Frontier Country B's Production

Possibilities Frontier A. Assume that country A and country B decide to use half of the resources in the production of each good. Indicate the points of the maximum output of each good on the graphs for each country as point A under such resource use. Country A would produce 75 units of popcorn, and 125 units of peanuts, whereas Country B would produce 150 units of popcorn and 50 units of peanuts by reducing their resources in half.

B. Assume the two countries choose to trade and do not trade. What would be the total world production of popcorn and peanuts under the trade? The total popcorn production would be 225 units and the total peanuts would be 175 units. C. Assume that each country decides to specialize in either popcorn or peanut based on its respective comparative advantage. Under the specialization, what is the total production of popcorn and peanuts? With each country specializing in either peanuts or popcorn the world totals will be 300 units of popcorn and 250 units of peanuts.