

Write in the box the number of the question you are answering on this page as it is designated in the examination.

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30 (a) (i) The opportunity cost of producing a unit of cloth in Newland is $\frac{1}{5}$ units of food.

(ii) The opportunity cost of producing a unit of food in Beeland is 10 units of cloth.

(b) (i) The opportunity cost of cloth production in Newland is $\frac{1}{5}$ units of food and in Beeland is $\frac{1}{10}$ units of food. Beeland has a smaller opportunity cost in producing cloth and therefore has the comparative advantage in cloth production.

(ii) The opportunity cost of food production in Newland is 5 units of cloth and in Beeland it is 10 units of cloth. Newland has a smaller opportunity cost in producing food and therefore has the comparative advantage in food production.

(c) (i) Newland

(ii) Although Beeland's productivity has tripled for both goods, the opportunity cost of food production in Newland remains $\frac{1}{2} = 5$ and in Beeland remains $\frac{30}{3} = 10$.

~~Beeland~~ Newland still has the comparative advantage in food production.