Assume the United States and Japan both produce Automobiles and Flat Screen TVs.

When at maximum efficiency, Japan can produce 15 million Automobiles if it uses all its resources solely for automobile production, and up to 5 million flat screen TV’s when it uses all its resources for just TV production.

The US on the other hand produces 20 million automobiles if it uses all its resources for automobile production, and up to 10 million flat screen TV’s when it uses all its resources for just TV production.

**Questions:**

1. Draw ONE PPF Graph for both Japan and the US putting Automobiles on the X Axis and TV’s on Y Axis.
2. Which nation has:

* Absolute Advantage over Automobile production?
* Absolute Advantage over flat screen TV production?
* Comparative Advantage over Automobile production?
* Comparative Advantage over flat screen TV production?

1. Which product should Japan trade for?
2. Which product should America trade for?