☎+251(0)116-607203 +251(0)911-469878 ✉3628 www. Safari-academy.com Addis Ababa, Ethiopia

2023/24 Academic Year **Economics** Worksheet **Three for** Grade **11**

Part I- Read the following questions and give a short answer.

1. Define the following terminologies.
   a. Domestic trade
   b. Balance of payment
2. Why do we need to engage in domestic trade?
3. What are basis of international trade?
4. What are the major Advantages of international trade?
5. Write the Critics of Mercantilism.

Part II- Read the following questions and answer accordingly.

A. Based on the consumption function and disposable income provided below Answer the questions below. Show all the necessary steps

C= 5 + 0.55Yd … Disposable income is 100

1. What is the Marginal propensity to consume?
2. What is the induced coefficient?
3. How much is the slope of consumption function?
4. What is the Induced consumption?
5. What is the Autonomous consumption?
6. What is total consumption?
7. What is Average propensity to consume?
8. What is Average propensity to save?
9. What is saving?
10. What is the slope of saving function?
11. How much is Marginal propensity to save?

B. Based on the table below answer the following questions

Nations	Book	Wine
UK	1	4
Spain	4	6

1. Calculate the opportunity cost of producing unit of book for UK.
2. Calculate the opportunity cost of producing unit of wine for UK.
3. Calculate the opportunity cost of producing unit of book for Spain.
4. Calculate the opportunity cost of producing unit of wine for Spain.
5. Who has an absolute advantage in the production of book?
6. Who has an absolute disadvantage in the production of book?
7. Who has an absolute advantage in the production of wine?
8. Who has an absolute disadvantage in the production of wine?

9. Based on principle of comparative advantage what should UK specialize on?
10. Based on principle of comparative advantage what should Spain specialize on?