



DRIVING QUESTION

A country that's better at making EVERYTHING should never bother trading with anyone. Why is that dead wrong?

Gut instinct now. Answer it again at the end using comparative advantage.

BEFORE THE GAME

A star surgeon types faster than her assistant. Should she fire the assistant and answer her own emails? Almost nobody says yes — even though she's better at typing. Something other than "who's better" decides who does what.

Your gut answer — why shouldn't the surgeon do her own typing, even though she's faster at it than her assistant?

Quick prediction — can two producers both gain from a trade even if one of them is better at making both goods?

☐ Yes ☐ No

DURING THE GAME – WORK THE DEALS

RD	OUTPUT A / OUTPUT B (BOTH GOODS)	ABSOLUTE ADV.	OC OF GOOD X (A VS B)	COMPARATIVE ADV.	OFFER ACCEPTED?
1	_____	_____	_____	_____	☐ Y ☐ Walk
2	_____	_____	_____	_____	☐ Y ☐ Walk
3	_____	_____	_____	_____	☐ Y ☐ Walk
4	_____	_____	_____	_____	☐ Y ☐ Walk
5	_____	_____	_____	_____	☐ Y ☐ Walk

Comparative advantage = lower opportunity cost, even if that producer lacks absolute advantage. A trade rate only works if it falls between both producers' opportunity costs.

AFTER THE GAME

Find a round where one producer had absolute advantage in **BOTH** goods. Did that producer still gain from trade? What determined who specialized in what?

Now use the vocabulary: explain the difference between **absolute advantage** and **comparative advantage** in one sentence, using a specific round as your example.

TRANSFER – NOW APPLY IT

Breaking: "Vietnam and the US Both Make Furniture and Software — Should They Trade?"

In one day, US workers can produce 100 units of software or 20 units of furniture. Vietnamese workers, with the same labor-hours, can produce 10 units of software or 15 units of furniture. The US produces more of both goods.

100 / 20

US: SOFTWARE / FURNITURE

10 / 15

VIETNAM: SOFTWARE / FURNITURE

A. Who has absolute advantage in each good?

B. Calculate each country's opportunity cost of 1 unit of furniture. Who has comparative advantage in furniture?

C. Should the US, which is better at everything, still trade with Vietnam? Justify your answer.

RETURN TO THE DRIVING QUESTION

A country that's better at making **EVERYTHING** should never bother trading with anyone. Why is that dead wrong?

Use comparative advantage and opportunity cost in your final answer.
