



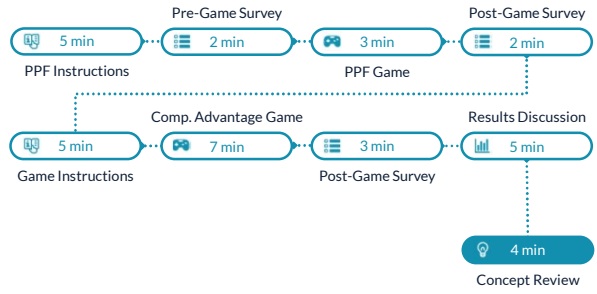
Comparative Advantage

Specialization and Gains from Trade

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What's Included

Comparative Advantage



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Enter the Activity



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Production Possibilities Frontier

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Game Instructions


Production Possibilities Frontier

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You own and operate a food truck. Make decisions to maximize your profits!

Blue Truck
2 burgers per minute
1 fry per minute

Orange Truck
4 burgers per minute
8 fries per minute



You have 30 minutes to prepare as many combos consisting of 1 burger and 1 fry as you can!

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Adjust time spent preparing **burgers** or **fries**

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A combo is 1 burger and 1 fry, combo amount is the smaller amount of **burgers** or **fries**

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Pre-Game Survey
Production Possibilities Frontier

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How many combos are you producing?

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Game Time!
Production Possibilities Frontier

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Post-Game Survey
Production Possibilities Frontier

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Comparative Advantage

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Can trade increase production?

Let's find out:

- Your friend also has a food truck.
- They propose that you trade some burgers and fries the morning that you've prepared them.
- Is this a good idea?

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Game Instructions

Comparative Advantage

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Proposing a Trade

Your Per Minute Production:				
2 Burgers		or	1 Fries	
Prep Time	Prepare	Trade	Final	
15 min +		30	0	30
15 min +		15	0	15

Propose Trade **To propose a trade** Bring 15 Combos

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Proposing a Trade

Decide how much you want to trade and how much you want in return

Give 0 for Get 0

Combos Gained From This Trade: 0

Propose Submit your proposal when ready

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Receiving a Trade Proposal

Your trade proposal may get interrupted by an incoming trade

Give 7 for Get 8

Combos Gained From This Trade: 3

Accept **Decline** You can accept or decline the proposal

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After a Trade

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Game Time!

Comparative Advantage

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Post-Game Survey

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Results Discussion

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Concept Review

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What is each truck's opportunity cost for making 1 burger?

	Opportunity Cost of 1 burger	Opportunity Cost of 1 fry
Orange Truck	2 fries	½ burger
Blue Truck	½ fry	2 burgers

Blue Truck has the comparative advantage in making burgers!

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What effect did trade have?

- **Specialization:** each party could produce more of their lowest opportunity cost product, then trade.
- **Gains from trade:** after trading, both parties could produce more combos than their own production possibilities frontiers.

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Key Takeaways

- *Absolute Advantage* is the ability to produce a good at a lower overall cost than another producer.
- *Comparative Advantage* is the ability of being able to produce a good at a lower **opportunity cost** than another producer.
 - *Opportunity Cost* is what is given up in order to get something else.

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Completed
 Comparative Advantage

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 A playground for decisions

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