Trade Makes More

Read how production choices can change world output.

GE.4.2 "Explain how specialization promotes international trade and how international trade increases total world output."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline what each country gives up to make a good, circle the change in total output, and number the sentences that show how specialization leads to trade and shared gains.

Rice, Shirts, and a Choice

1. Imagine two neighboring countries, Eastport and Hillland, that make only rice and shirts. Each has 100 worker-days available for production. In one worker-day, Eastport can grow four bags of rice or sew two shirts. Hillland can grow one bag of rice or sew one shirt. Eastport produces more of either good per worker-day, but that does not mean it should make everything. To grow one bag of rice, Eastport gives up half a shirt; Hillland gives up a whole shirt. To sew one shirt, Eastport gives up two bags of rice; Hillland gives up one.

2. Suppose each country first spends 50 worker-days on rice and 50 on shirts. Together they make 250 bags of rice and 150 shirts. Then Eastport shifts to 75 worker-days on rice and 25 on shirts, while Hillland uses all 100 worker-days on shirts. Together they now make 300 bags of rice and 150 shirts. The same 200 worker-days produce 50 more bags of rice without reducing the number of shirts. Eastport has moved more work toward rice, the good it gives up less to make, while Hillland focuses on shirts, the good it gives up less to make.

3. Specialization makes trade useful because neither country now produces the combination of goods its people may want. Eastport can send Hillland 75 bags of rice in exchange for 50 shirts. After this exchange, Eastport has 225 bags of rice and 100 shirts; Hillland has 75 bags of rice and 50 shirts. Compared with the first production plan, each has 25 more bags of rice and the same number of shirts. Trade does not create rice or shirts by itself. It allows both countries to share the extra output made possible when they shift work toward goods they produce at lower opportunity cost.

2 ANSWER WITH EVIDENCE

Use the passage

1. Eastport can make more of both goods per worker-day. Why does it still make sense for Eastport to shift more work toward rice?

2. How does the new production plan show that specialization increases total output without adding worker-days?

3. Why does Hillland focus on shirts in the new plan instead of growing its own rice?

4. Why is trade needed for both countries to benefit from the extra output? Use their goods after the exchange as evidence.

3 YOUR TURN

Your own words

Invent two countries and two goods not named in the passage. In 4 to 5 sentences, explain what each country should focus on, what each gives up to make a good, and how trade could increase their total output.

Trade Makes More

PART 1 · READ AND MARK

Underline what each country gives up to make a good, circle the change in total output, and number the sentences that show how specialization leads to trade and shared gains. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Eastport can make more of both goods per worker-day. Why does it still make sense for Eastport to shift more work toward rice?	**Eastport gives up only half a shirt per bag of rice, compared with a whole shirt in Hillland. Rice has a lower opportunity cost in Eastport.**
2	How does the new production plan show that specialization increases total output without adding worker-days?	**With the same 200 worker-days, the countries produce 300 rather than 250 bags of rice, while shirt production stays at 150.**
3	Why does Hillland focus on shirts in the new plan instead of growing its own rice?	**Hillland gives up one bag of rice per shirt, while Eastport gives up two. Hillland can make shirts and trade some for rice that Eastport produces at a lower opportunity cost.**
4	Why is trade needed for both countries to benefit from the extra output? Use their goods after the exchange as evidence.	**Trade lets Hillland get rice and Eastport get shirts. After the exchange, each country has 25 more bags of rice and the same number of shirts as it had under the first plan.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

Bayland can catch four baskets of fish instead of weaving one roll of cloth, while Loomia can catch one basket of fish instead of weaving one roll of cloth. Bayland should focus more on fish because each basket costs it less cloth, while Loomia should focus more on cloth because each roll costs it less fish. They can trade fish for cloth so both can use goods they did not make themselves. By shifting work toward the good each produces at lower opportunity cost, they can produce more total goods together than if each tried to make everything alone.

Accept equivalent explanations of opportunity cost and the production totals. For the open task, look for a consistent reason each country specializes and a clear distinction between increased production and the trade that shares its benefits.