The Trade Clue

Sort evidence about production and trade.

E.C.11.2 "Define and distinguish between absolute and comparative advantages and explain how these concepts influence trade."

NAME _____ DATE _____

ABSOLUTE ADVANTAGE

Look at how much each producer makes with the same resources. The producer that makes more has an absolute advantage.

With the same resources, Peru makes 90 scarves and Chile makes 65. Peru has an absolute advantage in scarves.

COMPARATIVE ADVANTAGE

Look at what each producer gives up to make a good. The producer that gives up less of another good has a comparative advantage.

In Mexico, making 1 kite means giving up 2 drums; in Canada, it means giving up 5 drums. Mexico has a comparative advantage in kites.

1 SORT

8 items

Circle OUTPUT or TRADEOFF to show which kind of advantage the evidence proves in each item, then choose two items and explain the clue you used for each.

1.	1. With the same resources, Kenya makes 32 baskets; Norway makes 20. Kenya's advantage in baskets.	OUTPUT TRADEOFF
2.	2. With the same resources, Ghana grows 50 tomatoes; Sweden grows 30. Ghana's advantage in tomatoes.	OUTPUT TRADEOFF
3.	3. In India, 1 lamp means giving up 2 bowls; in Egypt, it means giving up 5 bowls. India's advantage in lamps.	OUTPUT TRADEOFF
4.	4. With the same resources, Fiji makes 12 boats; Iceland makes 8. Fiji's advantage in boats.	OUTPUT TRADEOFF
5.	5. In Italy, 1 hat means giving up 3 belts; in Korea, it means giving up 6 belts. Italy's advantage in hats.	OUTPUT TRADEOFF
6.	6. In Poland, 1 bike means giving up 4 radios; in Turkey, it means giving up 7 radios. Poland's advantage in bikes.	OUTPUT TRADEOFF
7.	7. With the same resources, Nepal makes 40 blankets; Denmark makes 25. Nepal's advantage in blankets.	OUTPUT TRADEOFF
8.	8. With the same resources, Argentina makes 18 benches; Finland makes 14. Argentina's advantage in benches.	OUTPUT TRADEOFF

2 PROVE IT

Explain your thinking

Pick two items from Part 1. For each one, tell how you knew where it belonged.

ITEM # _____ **HOW I KNEW** _____

ITEM # _____ **HOW I KNEW** _____

3 MAKE YOUR OWN

One of each

Write one new example of an OUTPUT clue and one new example of a TRADEOFF clue. Name the producer with the advantage in each.

OUTPUT _____

TRADEOFF _____

CHALLENGE

Town A gives up 2 chairs to make 1 desk; Town B gives up 5 chairs to make 1 desk. Which town should specialize in desks? Give a trade price in chairs per desk that benefits both towns, and explain why.

ANSWER KEY

The Trade Clue

HIGH SCHOOL · E.C.11.2

PART 1 · SORT

#	ITEM	CATEGORY	WHY
1	1. With the same resources, Kenya makes 32 baskets; Norway makes 20. Kenya's advantage in baskets.	**OUTPUT**	Kenya makes more baskets with the same resources.
2	2. With the same resources, Ghana grows 50 tomatoes; Sweden grows 30. Ghana's advantage in tomatoes.	**OUTPUT**	Ghana grows more tomatoes with the same resources.
3	3. In India, 1 lamp means giving up 2 bowls; in Egypt, it means giving up 5 bowls. India's advantage in lamps.	**TRADEOFF**	India gives up fewer bowls per lamp.
4	4. With the same resources, Fiji makes 12 boats; Iceland makes 8. Fiji's advantage in boats.	**OUTPUT**	Fiji makes more boats with the same resources.
5	5. In Italy, 1 hat means giving up 3 belts; in Korea, it means giving up 6 belts. Italy's advantage in hats.	**TRADEOFF**	Italy gives up fewer belts per hat.
6	6. In Poland, 1 bike means giving up 4 radios; in Turkey, it means giving up 7 radios. Poland's advantage in bikes.	**TRADEOFF**	Poland gives up fewer radios per bike.
7	7. With the same resources, Nepal makes 40 blankets; Denmark makes 25. Nepal's advantage in blankets.	**OUTPUT**	Nepal makes more blankets with the same resources.
8	8. With the same resources, Argentina makes 18 benches; Finland makes 14. Argentina's advantage in benches.	**OUTPUT**	Argentina makes more benches with the same resources.

PART 2 · PROVE IT

Accept any explanation that names the deciding feature from the rule box for the chosen item.

PART 3 · MAKE YOUR OWN (SAMPLE ANSWERS)

- **OUTPUT**: With the same resources, Laos makes 18 rugs and Belgium makes 11. Laos has an absolute advantage in rugs.
- **TRADEOFF**: In Morocco, making 1 tray means giving up 2 vases; in Ireland, it means giving up 4 vases. Morocco has a comparative advantage in trays.

Challenge: Town A should specialize in desks because it gives up fewer chairs per desk. At a price of 3 chairs for 1 desk, Town A gets more chairs than it could make instead of a desk, while Town B pays fewer chairs than it would give up to make a desk.

The items sort the type of evidence, not whether a producer could have both kinds of advantage. For Part 2, accept explanations that identify equal-resource output or the amount of another good given up.