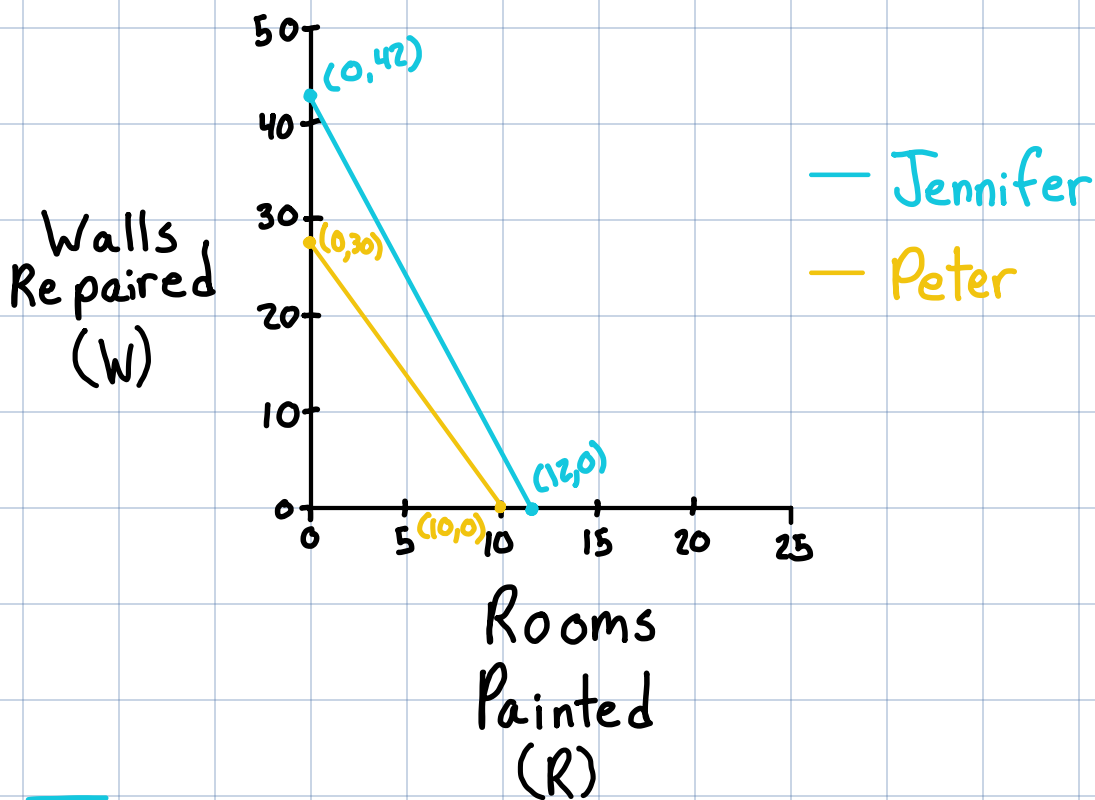


Ilana Berlin



Jennifer:

$$R: \frac{-42W}{12R} = -3.50^{W/R}$$

$$W: \frac{-12R}{42W} = -0.29^{R/W}$$

Peter:

$$R: \frac{-28W}{10R} = -2.80^{W/R}$$

$$W: \frac{-10R}{28W} = -0.36^{R/W}$$

Absolute Advantage:

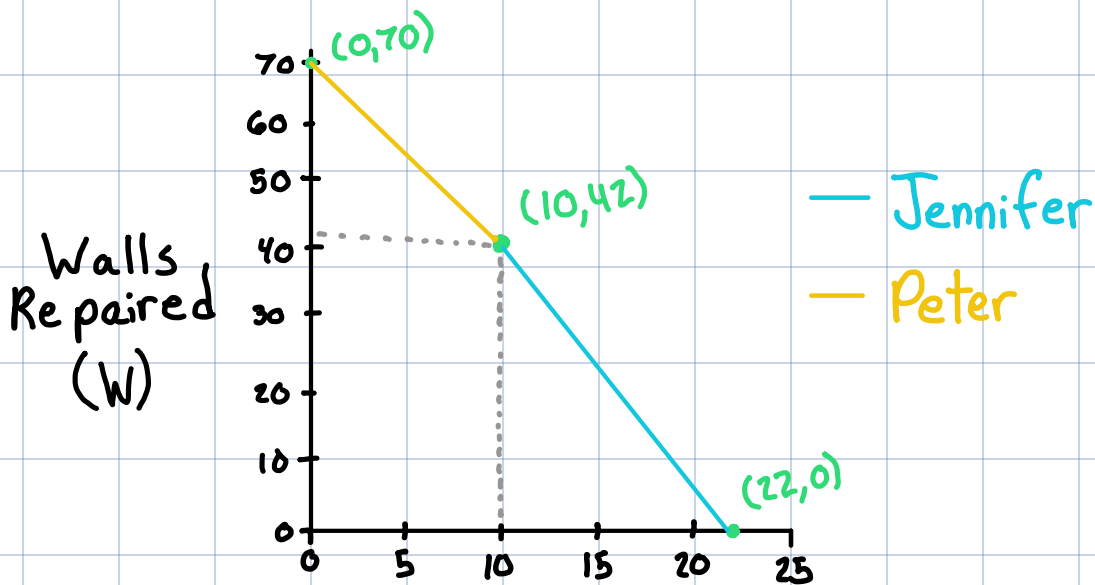
R: Jennifer (12 > 10)

W: Jennifer (42 > 28)

Comparative Advantage:

R: Peter (2.8 < 3.5)

W: Jennifer (0.29 < 0.36)

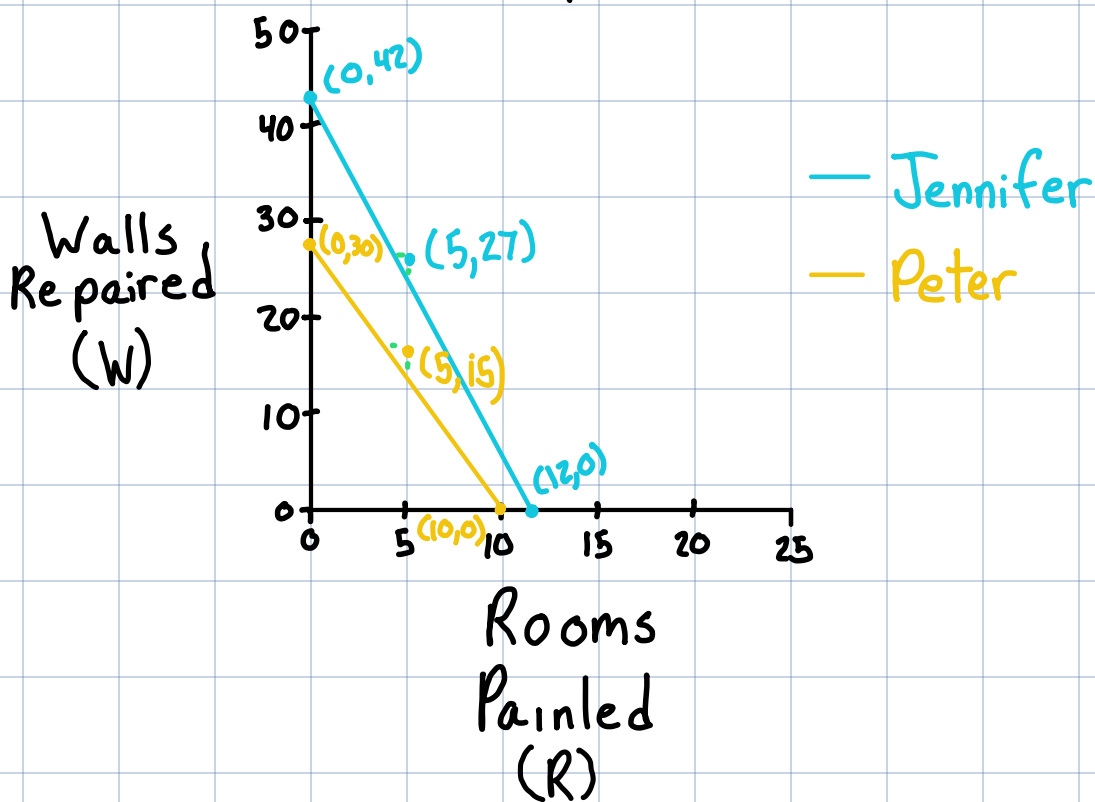


Rooms
Painted
(R)

Trade: Peter paints 5 room and for each room painted
Jennifer repairs 3 walls

Peter: $1R = 3W$: Jennifer

$5R = 15W$



2) Reason not to trade

- Jennifer and Peter work in competing companies
- bad interpersonal relationships
- disagreement about ethics