

# Macroeconomics

Avery Karlin

Fall 2015

# Contents

<b>1</b>	<b>Module 1</b>	<b>3</b>
1.1	Comparative Advantage and Trade . . . . .	3

# 1 Module 1

## 1.1 Comparative Advantage and Trade

1. Trade is the division of tasks, such that people trade goods and services for those they want
  - (a) Gains from trade are caused by specialization, due to engaging in a specific task allowing the production of more of the good
  - (b) This is due to the time required for skill development in a field
  - (c) This also results from comparative advantage, or the idea that some people are better at certain actions than others, resulting in a lower opportunity cost for production
  - (d) People will only accept deals that cost less than their personal opportunity cost for production
2. Absolute advantage is the general ability to produce more, under any relative distribution of resources
  - (a) Comparative advantage creates the mutual benefits of trade, not absolute advantage