ACTIVITY 26.1

Who Should Do What?

Nino owns a pizza shop. He is very good at what he does. In one hour, he can make 9 pizzas or prepare 36 salads. His business is growing and he needs to hire someone to help prepare pizzas and salads. Tony has applied for the job and seems like a reliable individual. In one hour, Tony can make 6 pizzas or prepare 12 salads. Nino plans to hire Tony. Because Nino can make more pizzas in an hour and prepare more salads in an hour than Tony, he has a dilemma. Should he have Tony make pizzas or prepare salads?

To answer this question, Nino should determine whether Nino or Tony can produce each good at a lower opportunity cost. Use the information in the chart to answer the questions and help Nino solve his dilemma.
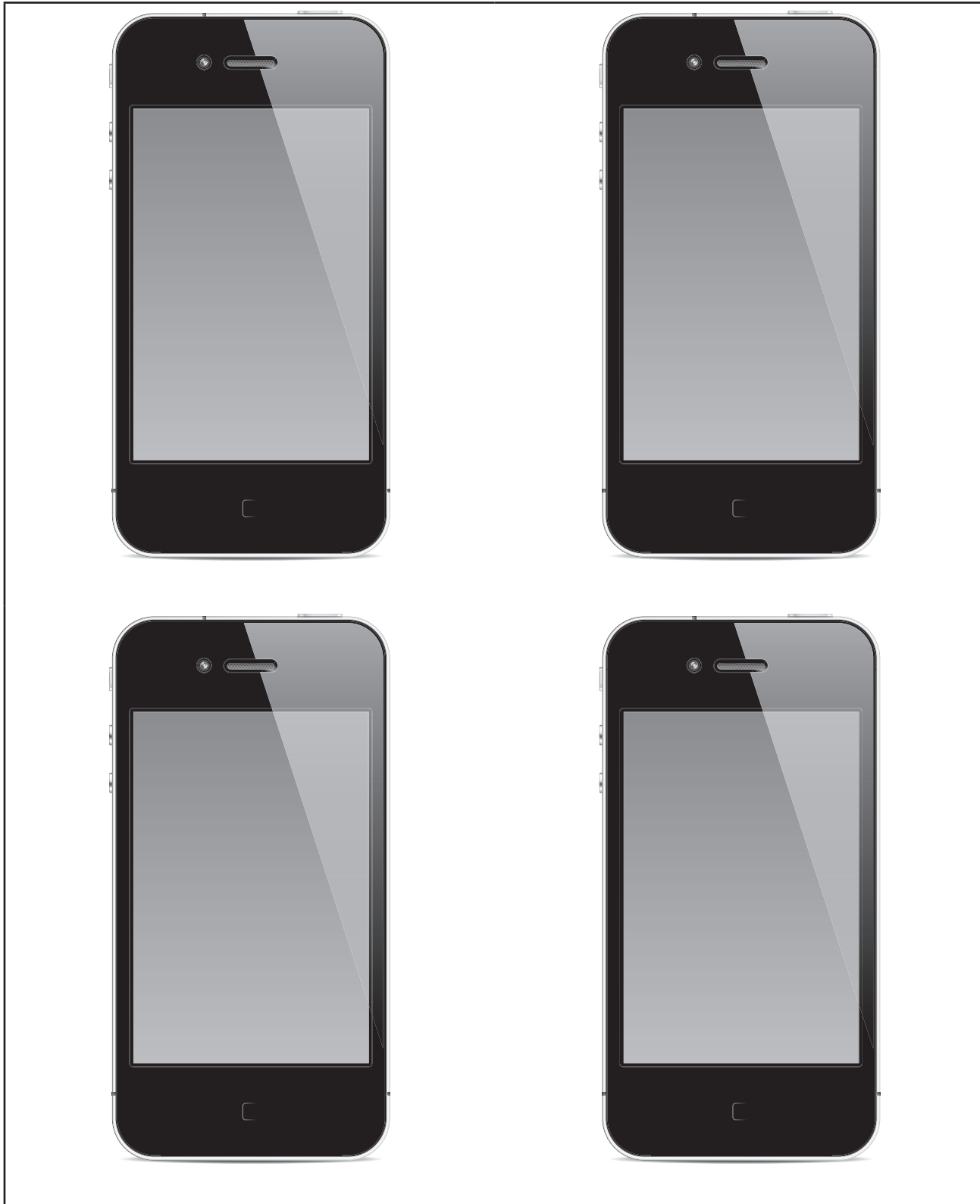
Nino Versus Tony

Worker	Salads	Pizzas
Nino	36	9
Tony	12	6

1. The opportunity cost of producing 9 pizzas for Nino is _____ salads. The opportunity cost of producing 1 pizza is _____ salads.

2. The opportunity cost of producing 6 pizzas for Tony is _____ salads. The opportunity cost of producing 1 pizza is _____ salads.

3. The opportunity cost of preparing 36 salads for Nino is _____ pizzas. The opportunity cost of preparing 1 salad is _____ pizzas.

4. The opportunity cost of preparing 12 salads for Tony is _____ pizzas. The opportunity cost of preparing 1 salad is _____ pizzas.

5. Who has the lower opportunity cost for making pizzas? _____

6. Who has the lower opportunity cost for preparing salads? _____

7. Who has the comparative advantage in producing pizzas? _____ In producing salads? _____

8. How will specialization affect the running of the pizza shop?
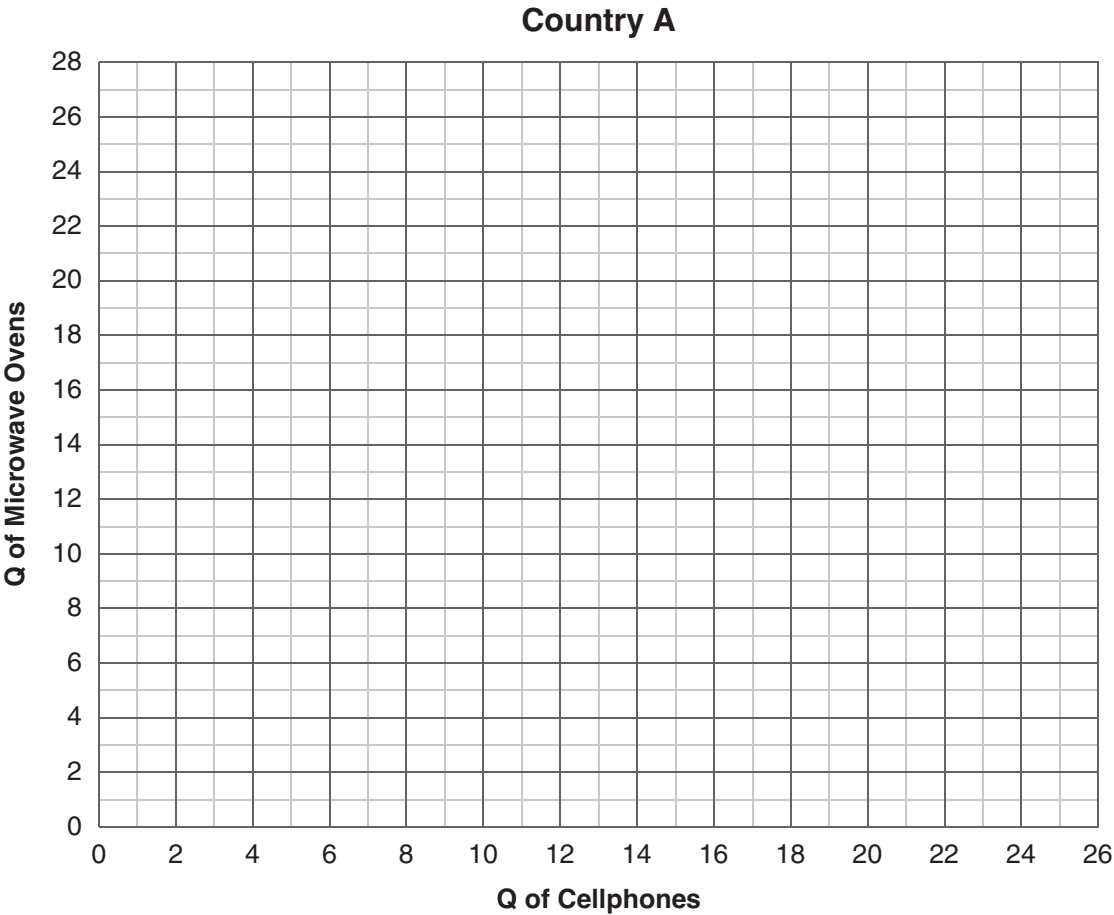
ACTIVITY 26.2

Production Cards—Country A

Cellphones

ACTIVITY 26.2 (Continued)

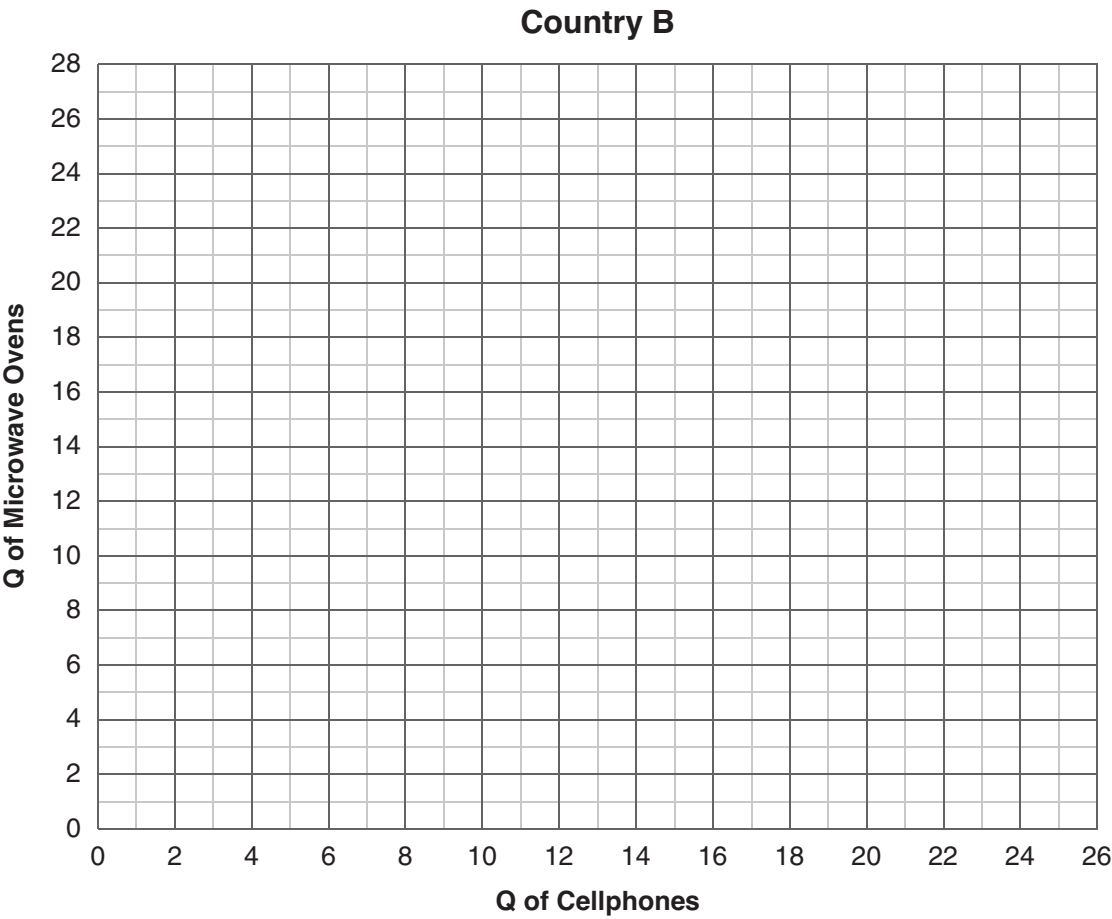### Microwave Ovens

ACTIVITY 26.3
To Trade or Not to Trade

Graph the combinations of cellphones and microwave ovens Country A can produce.

Country A

ACTIVITY 26.3 (Continued)

Graph the combinations of cellphones and microwave ovens Country B can produce.

Country B

ACTIVITY 26.3 (Continued)

To Trade or Not to Trade—Opportunity Costs

Country A

1. What is the opportunity cost of producing 4 cellphones?

2. What is the opportunity cost of producing 1 cellphone?

3. What is the opportunity cost of producing 4 microwave ovens?

4. What is the opportunity cost of producing 1 microwave oven?
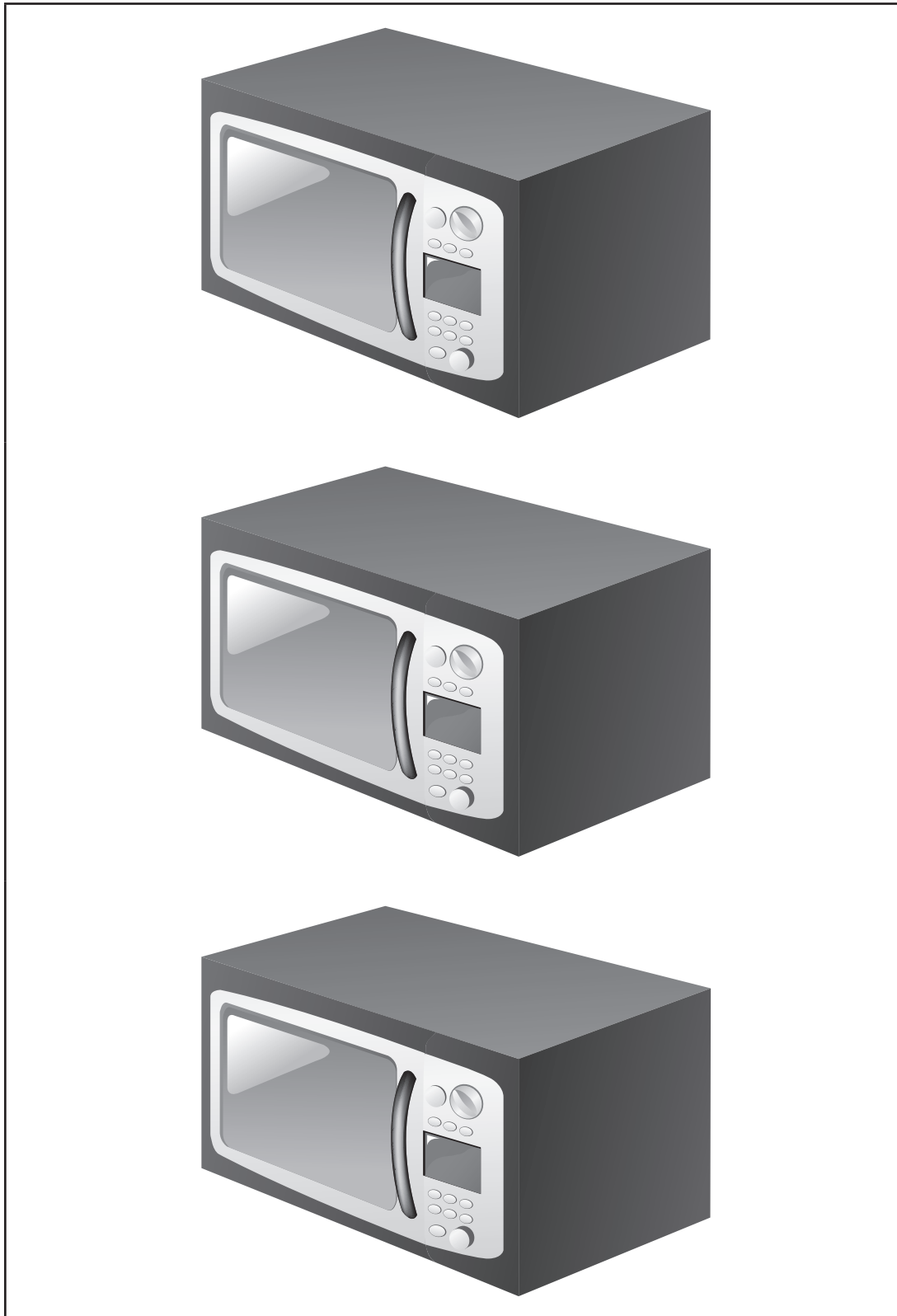
Country B

5. What is the opportunity cost of producing 1 cellphone?

6. What is the opportunity cost of producing 3 microwave ovens?

7. What is the opportunity cost of producing 1 microwave oven?

8. Which country has the lower opportunity cost for producing cellphones?

   For producing microwave ovens?

ACTIVITY 26.4

Production Cards—Country B

Cellphone

ACTIVITY 26.4 (Continued)

Microwave Ovens

ACTIVITY 26.5

Specialization and Trade

Part 1

The table tells how many units of a good each worker can produce in France and in the United States. Use the information in the table below to answer questions 1–7.

	Cheese	**Wheat**
United States	3	12
France	2	4

1. Which country has an absolute advantage in the production of wheat? _____ Cheese? _____

2. In the United States, how many pounds of cheese does a worker give up to get one more bushel of wheat? _____

3. In France, how many pounds of cheese does a worker give up to get one more bushel of wheat? _____

4. In the United States, how many bushels of wheat does a worker give up to produce one more pound of cheese? _____

5. In France, how many bushels of wheat does a worker give up to produce one more pound of cheese? _____

6. Which country has a comparative advantage in the production of wheat? Explain.

7. Which country has a comparative advantage in the production of cheese? Explain.

ACTIVITY 26.5 (Continued)

Part 2

The tables below show the combinations of bushels of wheat and pounds of cheese that can be produced in one day in each country, assuming each country has 100 workers. Use the data to answer questions 1–5.

United States

	A	B	C	D
Cheese	0	100	200	300
Wheat	1,200	800	400	0

France

	A	B	C	D
Cheese	0	50	100	200
Wheat	400	300	200	0

1. At combination B, what is the total output of wheat produced by the two countries? _____ bushels
   What is the total output of cheese? _____ pounds

2. If the United States decides to put all of its workers into the production of wheat, how many pounds of cheese would be lost? _____ bushels
   How many additional bushels of wheat would be produced? _____ pounds

3. If France decides to put all of its workers into the production of cheese, how many additional pounds of cheese would be produced? _____ pounds
   How many bushels of wheat would be lost? _____ bushels

4. How much would the total output of cheese increase if these two countries specialize and trade? _____ pounds

5. How much would the total output of wheat increase if these two countries specialize and trade? _____ bushels