## Critical Thinking Questions

17.

Are differences in geography behind the differences in absolute advantages?

18.

Why does the United States not have an absolute advantage in coffee?

19.

Look at [Exercise 19.2](http://openstax.org/books/principles-microeconomics-3e/pages/19-self-check-questions#fs-idp176454304). Compute the opportunity costs of producing sweaters and wine in both France and Tunisia. Who has the lowest opportunity cost of producing sweaters and who has the lowest opportunity cost of producing wine? Explain what it means to have a lower opportunity cost.

20.

You just overheard your friend say the following: “Poor countries like Malawi have no absolute advantages. They have poor soil, low investments in formal education and hence low-skill workers, no capital, and no natural resources to speak of. Because they have no advantage, they cannot benefit from trade.” How would you respond?

21.

Look at [Table 19.9](http://openstax.org/books/principles-microeconomics-3e/pages/19-2-what-happens-when-a-country-has-an-absolute-advantage-in-all-goods#Table_33_10). Is there a range of trades for which there will be no gains?

22.

You just got a job in Washington, D.C. You move into an apartment with some acquaintances. All your roommates, however, are slackers and do not clean up after themselves. You, on the other hand, can clean faster than each of them. You determine that you are 70% faster at dishes and 10% faster with vacuuming. All of these tasks have to be done daily. Which jobs should you assign to your roommates to get the most free time overall? Assume you have the same number of hours to devote to cleaning. Now, since you are faster, you seem to get done quicker than your roommate. What sorts of problems may this create? Can you imagine a trade-related analogy to this problem?

23.

Does intra-industry trade contradict the theory of comparative advantage?

24.

Do consumers benefit from intra-industry trade?

25.

Why might intra-industry trade seem surprising from the point of view of comparative advantage?

26.

In World Trade Organization meetings, what do you think low-income countries lobby for?

27.

Why might a low-income country put up barriers to trade, such as tariffs on imports?

28.

Can a nation’s comparative advantage change over time? What factors would make it change?