

Lecture Assignment 1

In each of the cases, determine the opportunity cost of each worker. Who has the absolute advantage at each task, and who has the comparative advantage?

- a. In 30 minutes, Kana can either make miso soup or she can clean the kitchen. In 15 minutes, Mitchell can make miso soup; it takes Mitchell an hour to clean the kitchen.
- b. In one hour, Ethan can bake 20 cookies or hang the drywall for two rooms. In one hour, Sienna can bake 100 cookies or hang the drywall for three rooms.
- c. Kara can build two glass sculptures per day or she can design two full-page newspaper advertisements per day. Sara can build one glass sculpture per day or design four full-page newspaper ads per day.
- d. Omar can write 12 excellent poems per day or solve 100 difficult physics problems per day. Riker can write one excellent poem per day or solve 0.5 difficult physics problems per day.

Solution

- a. Mitchell's absolute and comparative advantages are at miso; Kana's absolute and comparative advantages are at cleaning.
- b. Sienna has an absolute advantage at both, but her comparative advantage is at baking cookies. Ethan's comparative advantage is at hanging drywall.
- c. Kara's absolute and comparative advantages are at sculpture, while Sara's absolute and comparative advantages are at newspaper ad design.
- d. Omar has an absolute advantage at both, but Riker has a comparative advantage at writing poetry.