Comparative Advantage
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Teachers Instructions

1. Read through the information below and then answer Question Set 1.
2. Work through the analysis for the different options outlined in Question Set 2 to decide which option is the ‘best’.

Information

Annie and Bertie are siblings who have just thoroughly enjoyed a week at home in the school holidays without their parents; there have been parties and sleepovers every night. However, their parents are due to return later in the day, and there is a large amount of cleaning and tidying to do! Luckily, the friends of Annie and Bertie have helped out with most tasks, but they have all gone home, leaving Annie and Bertie with just the vacuum-cleaning and washing-up to do. There are 12 rooms to vacuum, and 8 sinkloads of washing-up to do. The following table shows their hourly work-rate:

<table>
<thead>
<tr>
<th></th>
<th>Vacuuming (no. of rooms)</th>
<th>Washing-up (no. of sinkloads)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annie</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Bertie</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Question Set 1

1. How long would it take a) Annie and b) Bertie, to do the vacuuming? Who is better at vacuuming?
2. How long would it take to do the vacuuming if Annie and Bertie worked together (assuming there is more than one vacuum cleaner in the house!)?
3. How many minutes would it take a) Annie and b) Bertie to vacuum one room? How many minutes would it take if they worked together?
4. How long would it take a) Annie and b) Bertie to do the washing up? Who is better at washing up?
5. How long would take to do the washing up if they both worked together?
6. How many minutes would be take a) Annie and b) Bertie to wash up one sinkload of dirty dishes? How many minutes would it take if they worked together?
Question Set 2

Read each of the possible options below and answer the accompanying questions in order to establish the best option for Annie and Bertie.

Option A

In a fit of desperation, Annie and Bertie phone their granny for advice. She suggests that they share the work by working together on both the vacuuming and the washing up. Annie isn’t particularly happy with this suggestion because she thinks Bertie is lazy and that she’ll end up doing too much work relative to him! Assuming that they do work together, work out how long it will take them to finish the tasks.

Option B

Annie thinks that the best option is for each of them to concentrate on doing the jobs that they prefer. She prefers washing-up so would like to do that, without help from Bertie, whereas Bertie prefers vacuuming. Work out how long this approach would take in terms of finishing the tasks.

Option C

Bertie really is quite lazy, so his preferred option is for his sister to do all the work. He argues that she is much better at both chores so should therefore do them both, while he sits and watches TV before his parents return home. Work out how long this approach would take in terms of finishing the tasks.

Option D

The older sister, Carrie, of Annie and Bertie is an economist. She advises that Annie and Bertie should each specialise in doing the job that they are relatively best at doing. Carrie says that Annie should definitely do the vacuuming because she is even better at vacuuming compared to Bertie than she is at washing up. Bertie isn’t quite as bad, relatively speaking, at washing up compared with vacuuming, so Carrie suggests he should concentrate on doing the washing up. Work out how long this approach would take in terms of finishing the tasks.

Issues for discussion

1. What assumptions have been made in this activity?
   - Consider aspects such as constant productivity, the ability to actually measure output, freely available factors of production etc

2. What is the difference between absolute and comparative advantage?
   - How does this tie in with international trade?
   - Calculate the opportunity costs associated with the different levels of output by Annie and Bertie – how does this tie in comparative advantage?

3. Why might Annie and Bertie decide to share the tasks, despite the fact that it is less economically efficient?
   - Explore the reasons why countries may decide not to specialise in production of just one good