Name:

Date:

Facilitator:

School:

7.01 The Basics of Comparative Advantage

1. Why are decathletes considered the world's greatest athletes even though they do not break world records in any of their 10 individual events?

2. Michael Phelps and Usain Bolt are both great athletes.  Why did they concentrate on performing in certain athletic events (Phelps in swimming, Bolt in track and field races) rather than in a wider range of events?

3. Why do individuals specialize in producing a narrow range of goods and services, and then trade some of the income they earn for goods and services that other individuals produce?

4. Why do nations specialize in the production of certain goods and services and then trade some of what they produce for goods and services produced in other nations?

**The next four questions cover material from the article about Lebron James.**

5. Should a country produce everything it wants? Why or why not?

6. If Country A is better than Country B at producing everything, would Country A gain anything by trading with Country B?

7.  When a new home is built, why doesn't one contractor do everything: carpentry, electrical, plumbing and landscaping?

8. Should Lebron James mow his own grass? Why or why not?