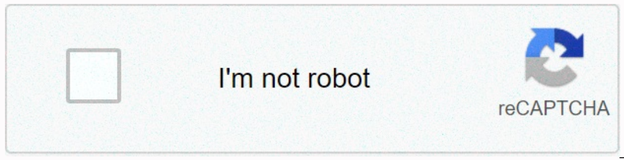

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Input vs output comparative advantage

Comp. output - lowest opportunity cost (you give up less)Comp. input - the least effort to make 1 Comparative Advantage Output questions: The country that can produce the most, with similar resources to another country, has an absolute advantage. Make opportunity cost comparisons. The country with the lowest potential has a relative advantage and that makes it a product. Each country strives for trade that is better than its own domestic alternative costs. If they can't do better in a store than they could produce alone, they won't trade. When each country trades on the basis of the lowest opportunity costs, both can get more trade than they could produce domestically. Therefore, they can exceed their own production limits. Comparative advantage in feeding questions: A country that can produce a certain amount of something using the least resources, land or time has an absolute advantage. First, create an output matrix to make an opportunity cost comparison. To do this, decide for each product what to use if the device is produced. The country with the lowest production potential again has a comparative advantage. Trick to determine unit opportunity costs Output question: The rest goes beyond the input question: The rest goes below The Relative Advantage (Input Problems) Absolute Advantage - Earth is said to have an absolute advantage in the production of goods if it can produce the most goods with the same resources: or the same amount of goods using the least resources. (Efficiency is key) The definition does not assume trade and the cost of the opportunity is not analysed. Input problems - the country can produce the same good (1 unit) using the least resources. The key phrase is: (can produce one food unit or one garment unit). I have not found the FRQ issue using a relative advantage that requires a feeding method. 1995 AP Macro exam announcement: one food unit or one clothing unit (input problem) 2000 AP Micro Exam Notice: one food unit or one clothing unit (input problem) So just say it. It can be one steel unit or one unit of glass (input problem) or it can be one hemp unit or one input problem Take Away - Input Problems Resources to the production of the good are variable (inputs), while the good produced has a solid (one unit). Take Away - Output problems Resources for producing good are fixed (equal resources), while the amount of good produced varies (output). Comparative Advantage Cheat Sheet Hi guys, is there a difference between calculating the relative benefit in terms of cost and output. I've seen 2 of these different things in practice. Labour costs per unit x y England 100 110 Portugal 90 80 Absolute benefit: Portugal (as it is Relative advantage: y - Portuguese (y/x = 80/90) x - England (x/y = 100/110) Output per unit x y England 600,900 Portugal 400,800 Absolute advantage English (because it can produce more) Relative advantage: y - Portugal (x/y = 400/800) x - English (y/x = 900/600) Note the difference between how they use batches as numerators/names. In terms of price, the numeral is the product itself, but the same cannot be said when the question deals with outputs. Why do I have to reverse print questions? Thanks also noticed a different calculation between Schweser and curiculum. The comparative advantage measured by the opportunity costs of one benefit is: the cost of production of one good Scwesser (opposite) input curriculum costs/the cost of producing the second input. Nor have I found anything in Errata on this issue. That's why I'm confused by the CFAI's questions, I've only read Schweser's materials. A relatively easy question, but sometimes I misunderstand because of this confusion. My only way to resolve this right is to remember to do the reverse for print-based questions. Therefore, I think the curriculum is more meaningful (although its calculations are wrong) because the experiment is organized and organized by the CFA Institute, not Schweser or some other third party. Anyway, Schweser helped me a lot with Quant probabilities and other difficult areas. Think of England. For every work unit you entered in x, you could have produced 100/110 y-units. For every x-unit you produced, you could have produced 900/600 y-units. Fractions change because in the first part you are given labor costs and in the second part you are given output. Gigaloo explained well... When processing output, you want to look at the country with the highest output, as he has a relative advantage, while the opposite is the case with costs. Thanks, guys, I hope I can still shove it in my brain until Saturday. If you see this post, it means that we have problems downloading external resources on our website. If you are behind a web filter, make sure that domains *.kastatic.org *.kasandbox.org are blocked. So, the opportunity cost of cakes are pies (another) divided by cakes. Based on PPC's above numbers, the cost of the opportunity can be found in the following: