

# CRASH COURSE: ECONOMICS

## Episode 2: Specialization and Trade

### STUDENT QUESTIONS

1. Most empires, wars, and human endeavors can be explained by economics if you just ask which question?
2. What kind of lives did the majority of humans who have ever lived have?
3. What historical event caused human populations to see a sustained improvement in living standards?
4. Who is considered to be the first modern economist?
5. What does specialization of labor do?
6. What has the modern world done with the concept of specialization?
7. If nations specialize in making certain products, what is the most efficient way for them to obtain products they aren't specialists at making?
8. What is an economic model?
9. What does a production possibilities frontier model demonstrate?
10. How many different kinds of goods does a typical modern economy produce, and how does this relate to the production possibilities frontier?
11. All points located **INSIDE** the curve of the production possibilities frontier demonstrate what kind of use of resources?
12. All points located **ON** the curve of the production possibilities frontier demonstrate what kind of use of resources?
13. All points located **OUTSIDE** the curve of the production possibilities frontier demonstrate what kind of use of resources?
14. What does it mean to have an "absolute advantage" in production?
15. Looking at different combinations of production on a production possibilities frontier allows you to exactly calculate the value of what economic concept?
16. What does it mean to have a "comparative advantage" in production?
17. According to the economic model explained in the video, why is it better for the U.S. to trade with China to get shoes, rather than manufacturing its own shoes?
18. According to the economic model explained in the video, when two nations are trading with one another, who benefits?
19. The U.S. is the world's leading producer and exporter of what item?
20. Economists consider trade mutually beneficial, but there are still serious problems associated with it, such as \_\_\_\_.
21. Most economists agree that specialization and trade do what?
22. Name at least two nations that, at the time the video was produced, were less economically developed than they could be due to a lack of trade.

### Extra Credit Questions / Discussion Prompts

- Do some research to determine what other products besides planes are exported from the U.S. in huge quantities. According to Adam Smith, what must be true of the U.S. with regard to these products?
- What factors could account for a nation deciding to specialize in producing a certain good?
- Sketch a production possibilities frontier and shade in three colors the following regions on the model: efficient production, inefficient production, impossible production. Label each region.