



## Trading to Your Advantage | Lesson Plan

How do nations decide what to produce and what to trade?

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Students will understand that nations use opportunity cost and comparative advantage to decide what to produce and trade, helping them use resources wisely and better meet the needs of their people.

### Learning Objectives:

- Define key economic terms such as absolute advantage, comparative advantage, opportunity cost, specialization, efficiency, and global economy.
- Explain the difference between absolute advantage and comparative advantage using real-world or hypothetical examples.
- Compare opportunity costs between two producers or countries to determine which has a comparative advantage.
- Analyze how specialization and trade based on comparative advantage can lead to greater economic efficiency and mutual benefit.
- Evaluate the trade-offs between self-sufficiency and global trade, especially in strategic industries like medicine and technology.

### Key Vocabulary:

- **Absolute advantage:** When a country can produce more of a good or service than another country using the same amount of resources.
- **Comparative advantage:** When a country can produce a good or service at a lower opportunity cost than another country.
- **Opportunity cost:** The value of what is given up when a choice is made; the next best alternative you didn't pick.
- **Specialization:** The practice of focusing resources on producing a limited range of goods or services to gain greater efficiency.
- **Efficiency:** Maximizing output from given resources; producing goods at the lowest possible cost.
- **Global economy:** The interconnected economies of the world, where countries engage in trade and rely on each other for goods and services.

**Educational Standards:** CCRA.R.7, CCRA.R.10, CCRA.W.2, CCRA.W.4, CCRA.W.7, CCRA.SL.1, CCRA.SL.2, CCRA.L.6

**Academic Subject Areas:** Economics, Government & Civics, Business & Personal Finance

### What You'll Need

- Video: *Ca\$h Cour\$e: Trading to Your Advantage* (Watch [Here](#))
- Worksheet: *Ca\$h Cour\$e: Trading to Your Advantage* (Click [Here](#))

Scan to watch episode:



- Classroom whiteboard and dry-erase markers (or use a technology solution if available).

## Lesson Plan (50 mins.)

### Warm-Up: (15 mins.)

1. Begin the class by relating this scenario to grab students' attention: Imagine you have a party coming up and have been asked to bring a dessert to share with the guests. You're trying to figure out if it would be better to make cookies from scratch or just pick up something at the store. What would you do, and why?
2. Ask students to turn to a partner and briefly share their decision. Encourage them to consider elements such as time, cost, effort, and quality. On the whiteboard, make two columns and tally the students' choices: "Make It" vs. "Buy It."
3. Explain that the choice between making something yourself and getting it from someone else is the same kind of decision that countries make every day when it comes to producing goods and trading with others.
4. Introduce key vocabulary to the class by writing the terms on the board and asking students to record them on a sheet of notebook paper. These six economic terms are the key to understanding today's lesson: Absolute advantage, comparative advantage, opportunity cost, specialization, efficiency, and global economy.
5. For each term, provide or invite students to provide a quick real-world example.
6. Optional Extension: Ask students if they can think of a product that the U.S. might import rather than produce itself. Use this to segue into the idea of specialization and trade.
7. Write the enduring question on the board: *How do nations decide what to produce and what to trade?* Invite 1-2 quick responses from students (no need for deep answers yet, just early thinking). Let them know they'll return to this question at the end of the lesson.
8. Teacher tips: Keep the discussion interactive but brief. The goal is to spark curiosity and prime key terms for deeper learning during the video and discussion.

### Watch and Discuss: (15 mins.)

1. Show the *Ca\$h Cour\$e: Trading to Your Advantage* video to the class. Let students know that as they watch, they should listen for two things:
  - The meaning of **absolute advantage** and **comparative advantage**.
  - Why trade can benefit both countries, even if one seems stronger than the other.
2. After the video, lead a discussion to reinforce the key ideas. Here are some questions to consider:
  - What scene stood out to you most from the video? Why do you think the producers used humor there?
  - What is the difference between **absolute advantage** and **comparative advantage**?
  - Why might a country *not* produce something it can make more of?
  - How does the example of the toasters and air fryers help you understand opportunity cost?
  - What are the benefits of specialization and trade?
  - How does trade increase a country's efficiency overall?

- When might a country choose *not* to rely on trade? (Prompt: Think about national security or supply chain issues.)
- What happens when a country ignores its comparative advantage and tries to produce everything itself?

Wrap-Up: (15 mins.)

1. Distribute worksheets. Have students work individually or in pairs to complete the exercises on comparative vs. absolute advantage and opportunity cost.
2. Review answers as a class and clarify misconceptions.
3. Facilitate a brief class discussion:
  - Have students share key insights from their worksheet responses.
  - Review answers together, clarifying any misunderstandings.
  - Collect worksheets to assess understanding (optional formative assessment).
4. Return to the essential question: *“How do nations decide what to produce and what to trade?”*
  - Ask for student reflections using concepts like specialization, opportunity cost, and global trade.
  - Optional: Quick exit ticket—one benefit and one drawback of global trade.
5. Closing reflection: Today, we learned how nations make smart choices about what to produce and trade by focusing on their strengths and minimizing opportunity costs. When countries specialize and trade based on comparative advantage, everyone can benefit. As global citizens, it’s important to think critically about how these decisions affect economies, jobs, and the goods we rely on every day.

Extension Activities (Optional):

- Research project: Choose a country and identify a good it exports and why.
- Debate: “Should countries always rely on trade for important goods?”

**Don’t have time for the full lesson? Quick Activity (10-15 mins.)**

Distribute the worksheet and allow students to complete it while they follow along with the video. Or, have students watch the video at home and use the worksheet as a quick quiz the next day in class.