

Thinking Like an Economist About the Activity

The flowchart shows how Farmer A and Farmer B were both able to achieve their goal amounts of pineapples and potatoes. Complete the flowchart by entering a term from the Word Bank in each blank. You may use terms from the Word Bank more than once. Then complete the sentence in the last box.

Word Bank				
factors of production	absolute	specialize	voluntary exchange	comparative

1 Due to different _____, farmers in Regions A and B had different production schedules.



2 Farmers A and B both decided to _____ in producing one good instead of producing both goods.



3 Farmer A decided to produce only pineapples because he held a _____ advantage in the production of pineapples.



4 Farmer B could produce more pineapples and potatoes than Farmer A could. Thus Farmer B had a/an _____ advantage in the production of both goods. Still, Farmer B specialized in producing potatoes because she had a/an _____ advantage in that good.



5 At the marketplace, Farmer A and Farmer B entered into a/an _____ in which they traded 1 pineapple for 2 potatoes.



6 Farmer A and Farmer B were both better off because . . .