

Econ in Action Essay #3
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Kenny Fennell – fennellk
PubPol 555 – Microeconomics A

Comparative Advantage, Task Allocation, and Trade

In the Style of Dr. Seuss' "One Fish, Two Fish"

His skill, her skill, your skill, my skill,
Old skill, new skill, low-skill, high-skill.



Here we have a Gox who boxes.
He also produces yellow sockses.

Look! Over here is Mr. Gump.
Standing with his seven-hump-wump.

And there we have our big friend Mike.
He's really good at pushing bikes.

Well, look at all these skills we have.

Let's assign them to some tasks.

How to assign them? I do not know.

Comparative advantage tells us though.

Let's take a look at our boxer, Gox,
Who cheaply makes those yellow socks.
His socks are oh so slightly different,
And he makes them most efficient.
Buyers yell and buyers shout:
"Gox's socks we can't go without!
His socks are better than the rest,
His socks! His socks! They are the best!"



Now we see dear Mr. Gump,
Brandishing his seven-hump-wump.
He takes advantage of what he's got,
And gives out rides to the whole lot.
He's smartly using what he has,
To acquire, what he wants.

And what about our dear friend Mike?
Who's good at pushing all those bikes.
Well he's specialized some of his skills,
He's trained for strength and mental will.
He's the best at pushing bikes you see,
So he does this for you and me.

But why assign these tasks this way?

I do not know.

But economics tells us so.

A Gox with no Wump,
Our Mike with no hump,
Our dear Mr. Gump makes socks fit for a dump!
If tasks were switched amongst our three friends,
Opportunity cost would rise to no end.
Each should focus on that which they do best,
And trade for those products made by the rest.
Buyers' and sellers' economic surplus increases,
So isn't it obvious to follow this thesis?



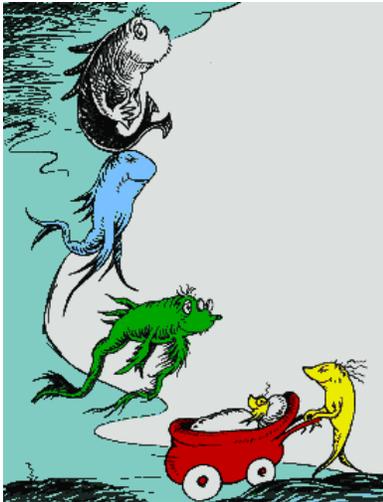
Well, I do not know.

But Professor Wolfers tells us so.



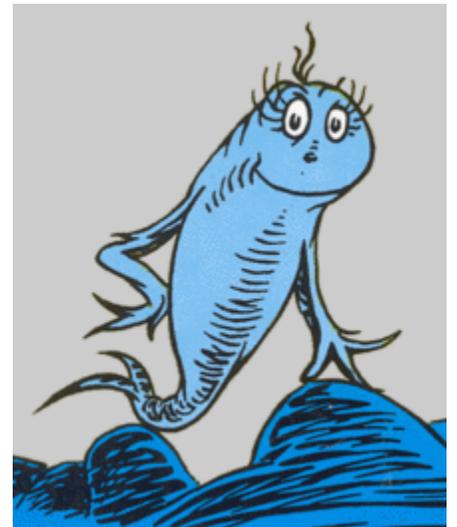
You'll find some may say, "Trade is unfair!"
"Those folks are dumping, they do not care!"
Others scream loudly, "My business is new!"
"Protect *me*, so I can grow too!"
There's even more who shout and yell,
So here their stories we will tell.
"Societal good! Protect the Wumps!"
"Save them from serving the needs of those chumps!"
"And while we're at it, save my job too!"
"Trade with them hurts me *and* you!"

These are real concerns, and so we must listen,
Though we must evaluate them with precision.



Although dumping may be in season,
It's often claimed for no good reason.
And though new business needs to grow,
Even with protection chances are low.
Go ask Brazil... they surely know.

Although we would like to protect all the Wump,
Not having jobs puts them in a slump.
And for low-skill workers, there may be losses,
Especially those with quite stingy bosses.
But it is OK, they might retrain,
In order to get back in the game.
So...



All trade policies we must design,
With producers *and* buyers both in mind.
And at the end of all this, you can surely see,
Trade can benefit both you and me!