



## Unit 7, Lesson 41

### Visual 1

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#### INTERNATIONAL TRADE CONCEPTS

**Opportunity Cost:** The highest-valued alternative that must be sacrificed (forgone) as a result of choosing among alternatives.

**Absolute Advantage:** The ability to produce more units of a good or service than some other producer, using the same quantity of resources.

**Comparative Advantage:** The ability to produce a good or service at a lower opportunity cost than the cost of some other producer. This principle suggests that individuals, firms, and nations can gain by specializing in the production of goods they can produce cheaply (low opportunity cost) and exchange those goods for more desired goods, which are more costly to produce (higher opportunity cost).

**Specialization:** A method of assigning different tasks to different workers.