

Lesson 08: The Division of Labor and Specialization

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1. Lesson 08: The Division of Labor and Specialization

4. Chapter: Lesson 08: The Division of Labor and Specialization

1. Lesson 08: The Division of Labor and Specialization Questions

4.1.1. What's the connection between specialization and the productivity o...

Author: Robert Murphy

What's the connection between specialization and the productivity of labor?

- Specialization greatly increases the productivity of labor

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4.1.2. If the world were filled with identical people, would specializatio...

Author: Robert Murphy

If the world were filled with identical people, would specialization still be useful?

- Yes, because (among other reasons) people would still have access to different climates and raw materials, and also because initially identical people will develop different skills over time if they specialize in different occupations.

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4.1.3. Why is trade important for the division of labor?

Author: Robert Murphy

Why is trade important for the division of labor?

- The division of labor only works when people produce more than what they personally will use, and then trade their excess or surplus with others.
It does no good to produce ten times as many oranges and steaks, if the farmer has to eat only oranges and the butcher can only eat steak.

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4.1.4. Explain this statement: "The gains from trade in a case of absolute..."

Author: Robert Murphy

Explain this statement: "The gains from trade in a case of absolute advantage are obvious, but they can be quite subtle in a case of comparative advantage."

- If Joe is an expert lawyer while Sally is an expert dentist, it is perfectly obvious that they benefit from Joe trading legal services in exchange for Sally's dental work.
But in the text's hypothetical case of Marcia the storekeeper and John the hired help, it's not clear at first why Marcia benefits from hiring someone to do a job she could more quickly herself.

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4.1.5. Why is Marcia the storekeeper willing to pay up to \$40 to have some...

Author: Robert Murphy

Why is Marcia the storekeeper willing to pay up to \$40 to have someone clean her store at the end of the day?

- If Marcia has to clean the store herself, she sacrifices 30 minutes that she could have spent pushing sales. Because it takes her an average of 15 minutes to close a sale, that means Marcia loses out on 2 typical sales if she doesn't hire someone to clean for her.
Because the text assumes Marcia nets an average of \$20 per sale, her 30 minutes is worth \$40 to her, and that is the most she would be willing to pay someone else to do her cleaning.

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Question: [Why is Marcia the storekeeper willing to by Dr. Robert Murphy @Mises](#)

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4.1.6. What is the difference between absolute advantage and comparative a...

Author: Robert Murphy

What is the difference between absolute advantage and comparative advantage?

- Absolute advantage means that a person (or country) is better at doing something than another person (or country).

For example, one person might be able to make 10 pizzas per hour, while someone else can only make 8. Comparative advantage means that it is efficient for a person (or country) to concentrate in a particular task—whether or not there is an absolute advantage in it—because this outlet offers the best tradeoff with other potential tasks.

Sample Partial Credit Answer

Comparative advantage is when people do the thing they're good at.

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4.1.7. Give an example—not from the textbook—involving two people and two ...

Author: Robert Murphy

Give an example—not from the textbook—involving two people and two lines of production, where one party has the absolute advantage in both lines, but it still obviously makes sense for each to focus on his or her comparative advantage.

- The pattern here will be finding something "obvious" where one person is better at both things. The student doesn't need to be mathematical in the sense of listing numbers, but ideally the student will understand that absolute advantage does involve numbers. For example, a heart surgeon can probably deliver more newspapers per day than the neighborhood kid, and can successfully operate more times per day, but it makes sense for the kid to deliver all the newspapers so that the heart surgeon can focus on where he or she is really good.

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4.1.8. Identify a profession for which one might require a certain natural...

Author: Robert Murphy

Identify a profession for which one might require a certain natural aptitude, and explain why.

- Basketball players need to be naturally quick.
No matter how much they practice shooting and dribbling, if they have always been really slow, they're not going to be good at basketball.
Sample Partial Credit Answer
Race car driver.

Check the answer of this question online at QuizOver.com:

Question: [Identify a profession for which one might by Dr. Robert Murphy @Mises](#)

Flashcards:

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4.1.9. Identify a profession in which current practitioners don't require ...

Author: Robert Murphy

Identify a profession in which current practitioners don't require much of a natural aptitude but where extensive training / experience is necessary.

- Teaching English / being manager of a store in the mall / data entry for a particular company's unique database.

[NOTE TO TEACHER: For just about any profession, there is some natural aptitude required, in order to excel.

For example, some people just aren't "management material" and could never become the manager of a store in the mall, no matter how long they worked there.

But that seems different from saying that some people could never be theoretical physicists, or starting pitchers for the Yankees, no matter how long they prepared.

The important thing is that the student understands the difference between natural aptitude and training.]

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Question: [Identify a profession in which current practitioners by Dr. Robert](#)

Flashcards:

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4.1.10. Explain why, in a system with no division of labor, it is likely th...

Author: Robert Murphy

Explain why, in a system with no division of labor, it is likely that most people would be living in or on the edge of poverty

- The division of labor greatly enhances the productivity of labor, meaning that more goods are produced per hour of labor. When people specialize and trade, there is more stuff to go around. Without the division of labor, everyone would produce his own food, make his own clothes, etc., and would be extremely poor.

Sample Partial Credit Answer

People would grow their own food etc.

Check the answer of this question online at QuizOver.com:

Question: [Explain why in a system with no division by Dr. Robert Murphy @Mises](#)

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4.1.11. Describe a scenario in which a doubling of inputs more than doubles...

Author: Robert Murphy

Describe a scenario in which a doubling of inputs more than doubles

the output. What do economists call this phenomenon?

- If I double the amount of time, raw pasta, etc. that I devote to the task, I can more than double the amount of dinner I prepare. That's why it makes sense for people living in a household to take turns making dinner (and for restaurants to open). This phenomenon is called "economies of scale."

Sample Partial Credit Answer

Raking leaves.

Check the answer of this question online at QuizOver.com:

Question: [Describe a scenario in which a doubling by Dr. Robert Murphy @Mises](#)

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