**Specialisation and the division of labour ANIMATION  
Watch the retro video and answer the following questions**

What is a subsistence economy?

What were the disadvantages of each household producing everything for themselves?

How did they solve the problem of working all day and all night?

Why did they choose this solution? What resulted from this?

**NOT IN THE VIDEO:** Based on opportunity cost, what does this tell us about the choices different countries should make in terms of what they choose to produce? What can they then do with the surplus to increase prosperity?

*Leads nicely onto discussion about why nations should produce the goods they have the lowest opportunity cost of production in and so can produce a surplus.*

*This surplus is then traded with other nations and so each country focusses upon producing goods they are endowed with the inputs of.*