

## [Clever people instinctively understand Ricardo's comparative advantage](#) [1]

Written by [Tim Worstall](#) [2] | Sunday 12 February 2012

Following on from [Madsen's cometary](#) [3] on trade and comparative advantage, a little proof that clever people instinctively get it.

"What leads one little Einstein to choose electrical engineering and the other law? A 10-year study of 320 profoundly gifted individuals (top one in 10,000) found that those whose mathematical skills were stronger than their verbal ones (even though they had very high verbal ability) said math and science courses were their favorites and were very likely to pursue degrees in those areas. On the other hand, those kids whose verbal skills were even higher than their math skills said humanities courses were their favorites and most often pursued educational credentials in the humanities and law. It appears then that highly gifted kids ask themselves, 'What am I better at?' rather than 'Am I smart enough to succeed in a particular career?'"

That last, am I good enough, would be absolute advantage. That is, am I better than the other people who will be in this same career?

And that's where so many go wrong about this comparative advantage thing. It's normally expressed as we should all do what we're best at. But this leads to confusion with many thinking that "best" means in comparison to others. No, it isn't meant to mean that at all which is why I much prefer the reverse formulation. We should all do what we're least bad at. Which is what, quite instinctively, those clever students are doing. At that sort of level, the 1 in 10,000, pretty much any career choice is going to lead to worldly success. These are the (and yes, I find such gifted people profoundly irritating as well) people who near whatever they do are going to be the cream on the top of their chosen career. Yet they are saying that they should be following specific career paths based on their own internal differences in competence.

Which is what we should all be doing: whether we are talking about ourselves as individuals, or the more normal formulation of what countries should specialise in as a matter of trade. Do what you're least bad at and trade the resultant production for everything else that you need. This will leave you the best off that you can be.

I would add though: I don't think it's only the very bright who internalise this point. I think we all actually think this way. Do what we're least bad at. It is only when we come to this trade point, when we dress it up as Ricardo's comparative advantage, that people start to get confused. Which is, as I say, why I prefer the reverse formulation: everyone instinctively gets it when it's put that way.

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