

# TRADE IS: SIMPLE

## OBJECTIVE:

Students will gain a better understanding that trade is part of everyone’s life.

## KEY POINTS:

- Trade happens between people, even when they represent companies or countries
- Trade makes it possible to buy and enjoy many items we use every day
- Many common consumer goods are imported and exported
- People all over the world are involved in international trade
- Trade can improve the standards of living in countries that trade
- In your daily life you are participating in and benefiting from trade

## ACTIVITY 1: What’s in your closet?

**Basic Activity** (7<sup>th</sup> grade and higher).

- Have students go home and make a list of common household items and the countries that these items come from. Alternately, students could look at clothing, contents of their backpacks, school supplies and so on within the classroom.
- Create a wall chart or other large display and compile a list of the countries represented.
- Then make a list of countries that are not represented.
- Research the economic conditions, gross domestic product, average annual wage and standards of living of each country.

***Can any generalized statements be made about the economic conditions in countries that we trade with and the ones that we don’t trade with?***

**More Advanced Activity** (advanced upper Jr. High and higher).

- For more advanced students or to make the assignment more comprehensive, divide the class into small groups. Using inventory sheets, each group inventories one area of their home: their closet, the kitchen, the main living area or the garage. The inventory sheet lists item, country of origin, purchase price, quality and value. Quality and value are subjective: How well is the item made? Did you pay a fair price for it? For example, some items may be poorly made but very cheap—these might be a better value than something that is of average quality but very expensive.

*The Student’s Inventory Sheet might look something like this:*

| Item | Country of Origin | Purchase Price | Quality<br>Rate from 1 to 10<br>10 being highest quality | Value<br>Rate from 1 to 10<br>10 being highest value |
|------|-------------------|----------------|--|--|
|      |                   |                |  |  |
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B. Each group (closet, kitchen, main living area or garage) compiles their results onto a single sheet and presents the results to the class.

C. *Can we draw any conclusions from price, quality and country of origin?*

*Are there similar items made in different countries that have different quality/value ratings?*

D. Make a list of all countries represented.

*What countries or regions are not represented in the list?*

*Why are these countries absent?*

*What do these countries make, and to where do they export their goods (if they export anything at all)?*

*Do we export to these countries, and if so, what?*

*Why don't we trade with these countries?*

E. Examine the countries from which we import goods.

*What does the U.S. (and perhaps specifically Washington State) export to those countries?*

*How do the type of goods traded differ?*

*How are they similar?*

## ACTIVITY 2: The economic impacts of trade. (High School)

A. Using the list of countries represented in Activity 1, students or groups select five countries that are not in Western Europe or North America. Also select five countries that are not in Western Europe or North America that were not on the list.

B. Research each country's current GDP and average annual income, the average annual income/GDP five years ago and ten years ago. Create a chart, PowerPoint show or other presentation that will present the findings to the class.

C. Examine the role that trade sanctions and other trade barriers play in the development of trading countries. Look at some countries that have been or are presently subject to U.S. trade sanctions (Vietnam and Cuba for example) and see how trade sanctions have affected them.

*Can we reach any conclusions about the effect of trade on the countries that sell exports to us and those that do not?*



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## ACTIVITY 3: Compare the buying power of families in the U.S. vs. families in other countries. (7<sup>th</sup> and higher)

- A. Using the ten countries researched in the previous activity, create a pie chart for each country that shows the total average annual income for a family of four and a breakdown of their expenses. For example: How much do they pay for housing, food, clothing and entertainment?
- B. Create a pie chart for the average annual income for a family of four in the U.S. and a breakdown of their expenses. As much as possible, try to use the same categories as in step A.
- C. Make a list of ten items that families and students in the U.S. and other countries would buy (jeans, a car, a VCR, lunch in a restaurant, etc.). Research the costs of these items in other countries on the Internet or by email to another student in the country you are researching (explore the web for pen pal sites tailored for students). Try to limit variables by comparing items with similar quality and value. Using web links, explore the ideas of Purchase Power Parity (PPP), and the “Big Mac” index from The Economist:  
<http://www.economist.com/markets/Bigmac/Index.cfm>

- D. Present your research findings to the class.

*Do families in other countries need as much money as we do in order to have the same things? Do they need more?*

*Do they want the same things as we do?*

*How do the results compare between countries that have economies that are heavily involved in trade and those that trade very little?*

*What else did you learn?*

### Vocabulary and Concepts

Market Forces (supply and demand, “what the market will bear,” trends, what’s “in”)

Choices (need vs. want, practical vs. fashionable)

Marketing (advertising, packaging, sales, distribution as variables that affect price and demand)

Local Costs of Living (public vs. private housing, single-family vs. high density housing, transportation costs, local food and durable goods production, imports)

### Suggestions for Assessment

Answer questions in writing, grade for thoughtful, thorough research, critical thinking and logical connections.