

TRADE HAPPENS BETWEEN PEOPLE

OBJECTIVES:

Show that trade is influenced by choices, fashions, feuds and friendships. Trade is a human interaction, not a scientific experiment or a mathematical abstract.

KEY POINTS:

- While people tend to pursue the best financial deal, other interests or needs impact the actual practice of trade.
- All economic activity is subjective, creative and personal as well as economic (including buying, selling, designing, manufacturing and advertising).

ACTIVITY: In-class trading exercise

(grades 7-12, adjust expectations to grade level)

Create an in-class economy with one or two products, and hold several trading rounds. Vary the rules for each round in order to change the dynamics of trading and force the creation of special and/or illogical relationships.

Have the class choose two products that they want to trade. Define who has what to trade and how much (place slips in a can to draw, hold a lottery or in some other way randomly distribute the products and quantities to groups of students).

Round 1—unfettered trading. Anyone can trade with anyone else. This round establishes the equilibrium “price.” How many scooters are worth one MP3 player, or how many apples are worth how many bananas, etc.

Round 2—introduce special conditions. Instruct students to choose a favorite color, which they keep a secret. They have to buy and sell, at any price, with anyone wearing that color. With everyone else, they can drive a hard bargain or not trade at all.

Round 3—introduce another bias; an ancient feud between people who wear t-shirts and people who don't, one product gets a reputation as being fattening (or super healthy), and so on.

Check new prices and discuss how favoritism and market conditions affect price.

Round 4—Announce unfettered trade again, but issue secret messages to a few that announce one product is now very “hip” and the other is “outsville.” Provide a bonus of some kind for those who get the most of the now “hip” product.

Check new prices and discuss how fashion affects market conditions.

Teachers and students should feel free to dream up new forms of bias that can affect the way the trading interactions happen.

Other discussion points might include:

- Ways to change what's “popular” (marketing, advertising, etc.)
- How people work together or seek to influence each other to achieve mutually beneficial goals through trade.

Suggestions for assessment

This activity supplies much of its own assessment—students will experience the consequences of their understanding of trading.

Alternately, assign a short paper that explains the potential impacts of friendship, historical relationships (good and bad), changes in fashion and marketing on the realities of trade and the pricing of trade goods.