

# **Should the U.S. Make Free Trade Agreements?**

## **A Classroom Activity and Argumentative Performance Task Grade 10 Economics**

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Acknowledgements: Ms. Denise Weiner, Private Consultant in collaboration with the University of Delaware's Professional Development Center for Educators

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## Classroom Activity

Please read through the entire Classroom Activity before beginning the activity with students to ensure any classroom preparation can be completed in advance.

### Resources Needed:

- Political Map of the World (Textbook will suffice)
- Copies of 3 blank world maps (Map 1 – Classroom Practice, Map 2 – Imports, Map 3 – Exports)
- Pencil/Pen and Colored Pencils/Markers
  - Students who need an accommodation may use their preferred tool for writing.
- Projection of blank world map on white board or Smart Board (students will need to write on this map)

### Learning Goals:

- Students will gain understanding of the origins of U.S. goods and track the trade of major goods between the U.S. and its partners.
  - Students will understand that geographic proximity and accessibility play a role in successful trade agreements.

### Students will understand the key terms:

- **Free Trade** – international trade left to its course without tariffs, quotas, or other restrictions.
- **Barrier to trade** – a government-imposed restraint on the flow of international goods and services.
- **Tariff** – a tax or duty to be paid on a particular class of imports or exports.
- **Quota** – a limited quantity of a particular product that under official controls can be produced, exported, or imported.

\*Note – these definitions are provided for the convenience of the facilitator. Students are expected to understand the key terms in the context of the task, not memorize the definition.

**Purpose:** The facilitator’s goal is to help students gain understanding of the origins of products we use in the U.S. This activity will allow students to identify imports that they currently use and to track U.S. trade patterns globally. This will prompt classroom discussion that will lead to interest in the Performance Task.

\*Note – The following section can be modified to accommodate various teacher/student interaction types such as a teacher led discussion with the students, student Think/Pair/Share, small groups, or a Socratic circle.

**Facilitator says:** “Today we will prepare for the *Debating NAFTA Argumentative Performance Task*. First, in the chart on the top of your worksheet, identify the countries of origin of 5 items in your possession such as shoes, clothing, classroom materials, and/or cell phones.

(Discuss the different countries as a class. This will give students a broader picture of the various origins of products in the U.S. – **2 minutes**)

**Facilitator says:** “For each item, use the world map in your textbook to locate and label the country of origin. As you do, keep the following questions in mind for discussion:

- Would you consider these places easily accessible for the U.S.?
- Do you know of any political barriers that may hinder trade with these countries?
- Are there any countries that surprise you?
- Do you know if any of these countries are currently practicing free trade with the U.S.?

(Pause for 4 minutes to allow students time to find and label the **Classroom Activity Map**. At this time, project a blank world map.)

**Facilitator says:** “Once you have identified and labeled your countries I will ask you to approach the board and write the names of 2 of the items within the borders of the country from which it came. If there is not room in the country, write the names of the items on the side of the map and draw an arrow to the country.”

(Bring students to the board 2 or 3 at a time, or however many students the facilitator feels comfortable with. Once everyone has recorded their items on the whiteboard map, have students return to their seats.)

**Facilitator says:** “Take a look at the completed item map on the board. Let’s readdress the questions that I asked before you located and labeled the countries. Answer them on your worksheet as we discuss them aloud.

- Would you consider these places easily accessible for the U.S.?

*(Are there physical barriers that would inhibit access? Examples: oceans, mountains, lakes, etc.)*

- Do you know of any political barriers that may hinder trade with these countries?  
(Which types of governments or government policies would make trade difficult?)

- Are there any countries that surprise you?  
(Do any of the countries on your list strike you as an unusual trade partner for the U.S.?)

- Do you know if any of these countries are currently practicing free trade with the U.S.?  
(Let the students display prior knowledge on the subject.)

(Allow students enough time to discuss their responses. Then prompt the students to turn to the next page in the packet. )

**Facilitator says:** “On the next 2 pages you will record information about the Imports and Exports of the United States. You will use the attached graphs *U.S. IMPORTS* and *U.S. EXPORTS* to gather information.

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(At this time read aloud the directions for the first page, *U.S. IMPORTS*. Allow students 5 minutes to complete the tasks. At this time, the facilitator should circulate to be sure that students are on task. At the end of 5 minutes briefly discuss any problems the students may have had. Students should be allowed another 5 minutes to complete the second page, *U.S. EXPORTS*.)

**Facilitator says:** “You have examined Import and Export graphs for U.S. trade. Notice the goods being exchanged. The U.S. imports many goods including oil, automobiles, apparel, coffee, and medicine. It also exports goods such as cotton, cattle, soybeans, cheese, and corn. What other types of goods can you think of that the U.S. imports or exports? In what ways might this affect your life?”

(Facilitator should gauge the engagement of the students in this final discussion of the classroom strategy. Once all student comments and ideas have been exhausted, the facilitator should begin discussion about the Performance Task.)

**Facilitator says:** “In your Performance Task you will observe the debate over whether NAFTA has been effective for the 3 countries involved (U.S., Canada, and Mexico). The lessons you learned in this Classroom Activity will help to prepare you for the research and writing you will be doing in the Performance Task.”

\*Note – Facilitator should collect student work and not hand it back.

### WORLD TRADE CLASSROOM ACTIVITY

In the chart below, identify the countries of origin of at least five items in your possession such as shoes, a shirt, a backpack, a cell phone, and a calculator.

Item:					
Country of Origin:					

Next, use the world map provided to do the following:

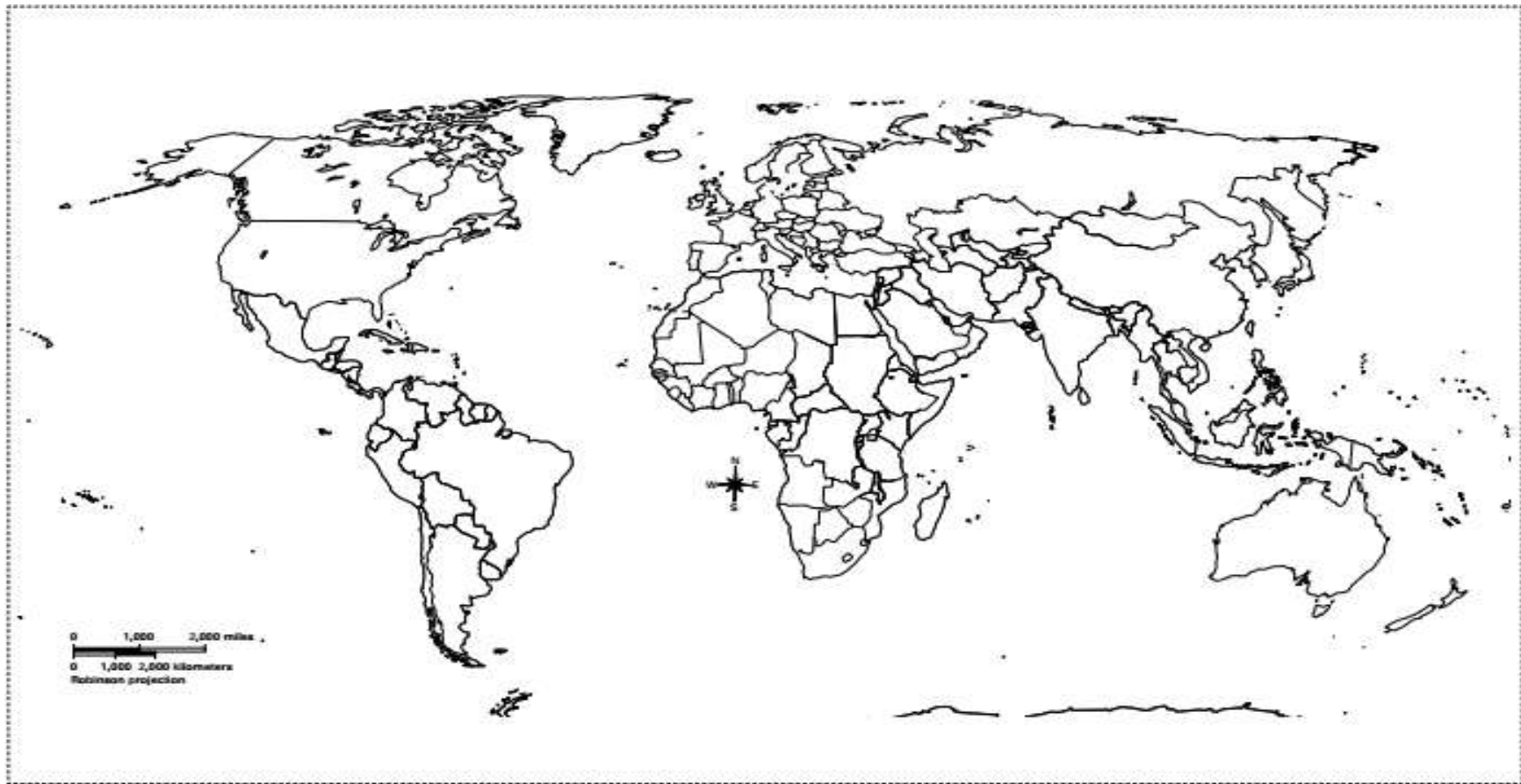
- For each item, label the country of origin on the map. You can use the world map in the back of your textbook to help identify the countries of origin.

## U.S. Imports

DIRECTIONS: Gather information from the graphs on the following pages. Record the top 5 (if applicable) countries for each market in the box below the map. Then draw arrows from the top 5 countries in each market to the U.S. Create a key and use a different color for each market.

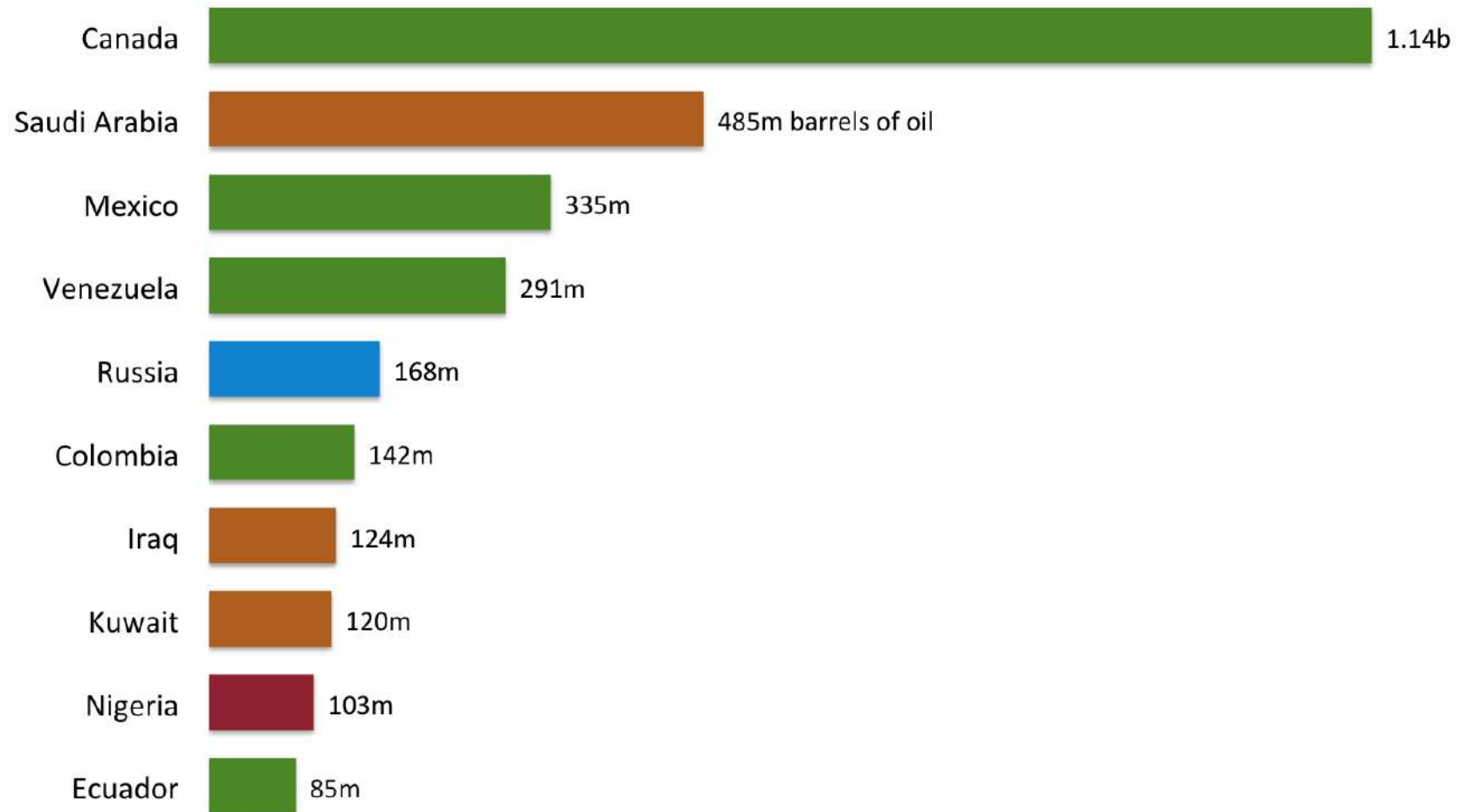
**Key:**

OIL	AUTOMOBILES	APPAREL	COFFEE	MEDICINE
1. _____	1. _____	1. _____	1. _____	1. _____
2. _____	2. _____	2. _____	2. _____	2. _____
3. _____	3. _____	3. _____	3. _____	3. _____
4. _____	4. _____	4. _____	4. _____	4. _____
5. _____	5. _____	5. _____	5. _____	5. _____



- Would you consider these places easily accessible for the U.S.?
- Do you know of any political barriers that may hinder trade with these countries?
- Are there any countries that surprise you?
- Do you know if any of these countries are currently practicing free trade with the U.S.?

## Top 10 countries that the U.S. imports oil from (2013)



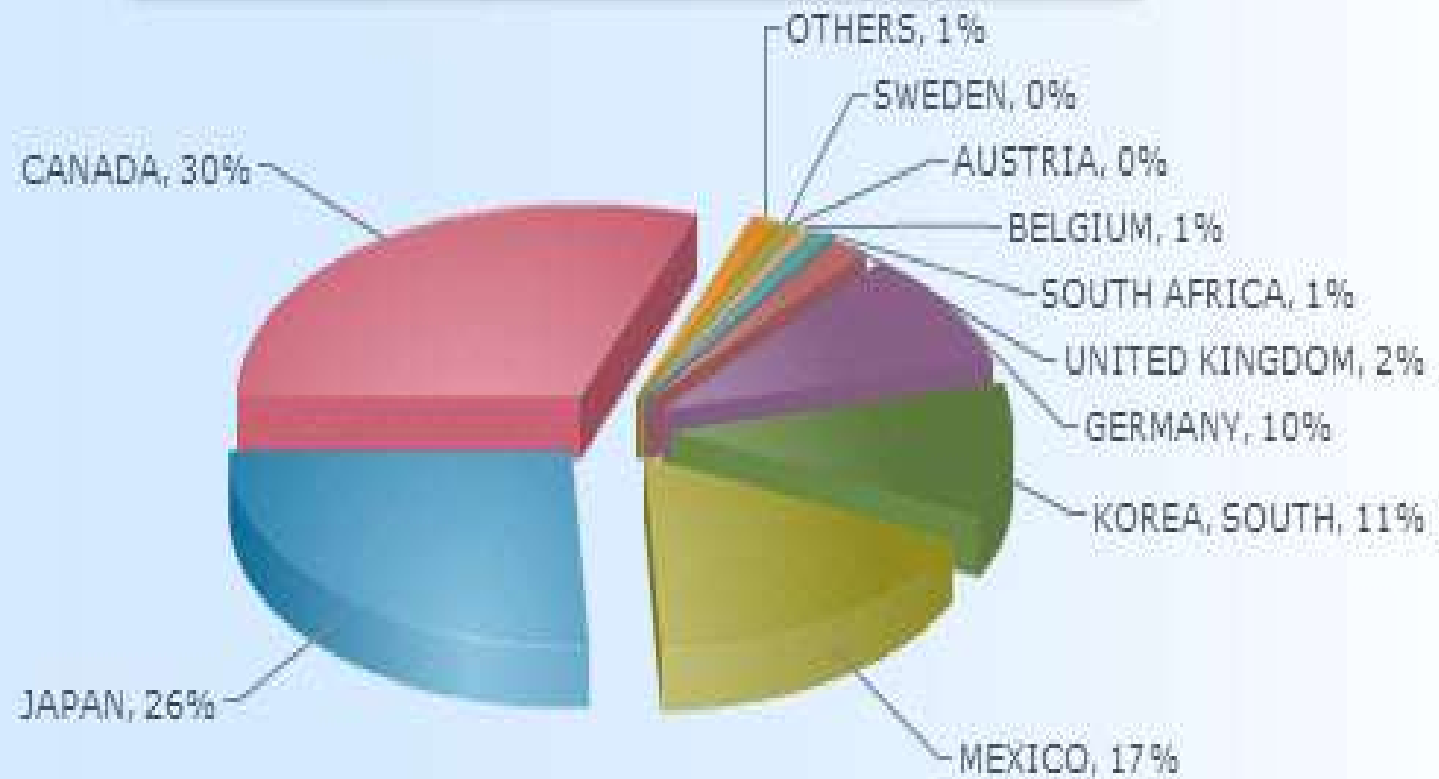
Source: U.S. Energy Information Administration ([http://www.eia.gov/dnav/pet/pet\\_move\\_impqus\\_a2\\_nus\\_ep00\\_im0\\_mbbi\\_a.htm](http://www.eia.gov/dnav/pet/pet_move_impqus_a2_nus_ep00_im0_mbbi_a.htm))

Author: Randy Olson ([randalolson.com](http://randalolson.com) / @randal\_olson)



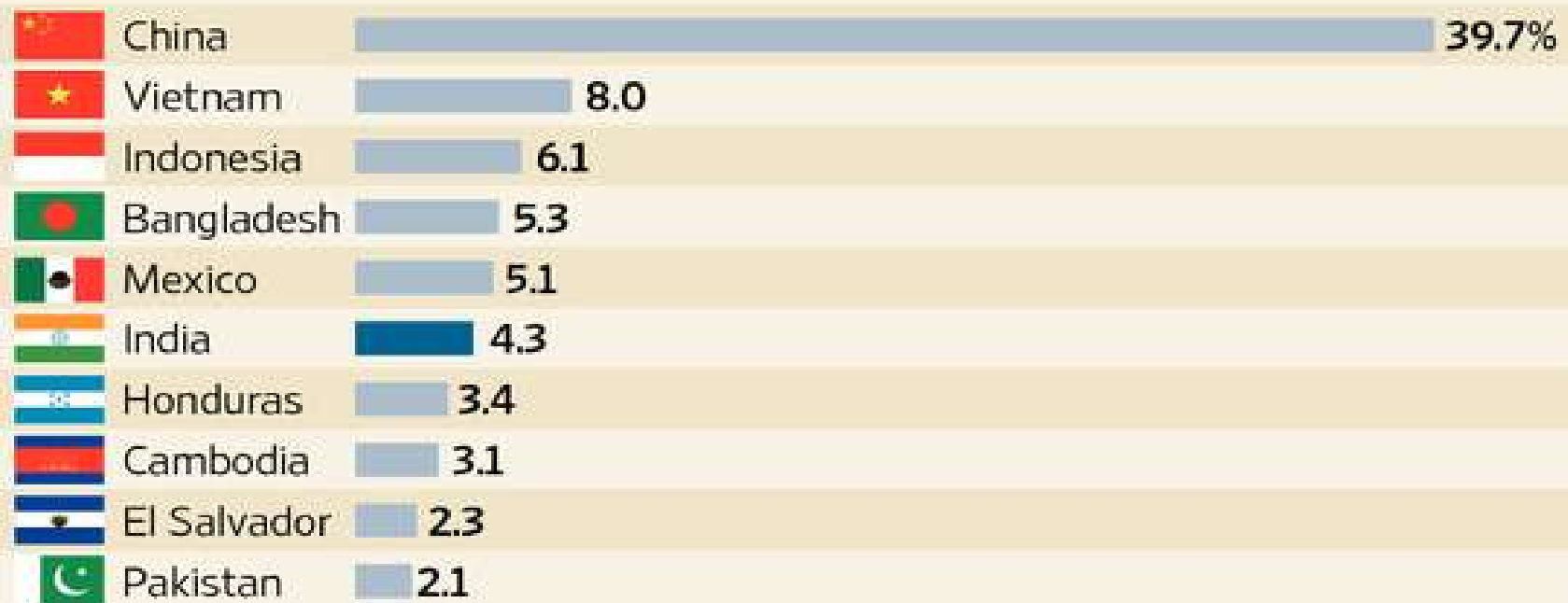
## Top Countries of Origin for US Auto Imports

*share of total volume 2013 through November*



## In Fashion

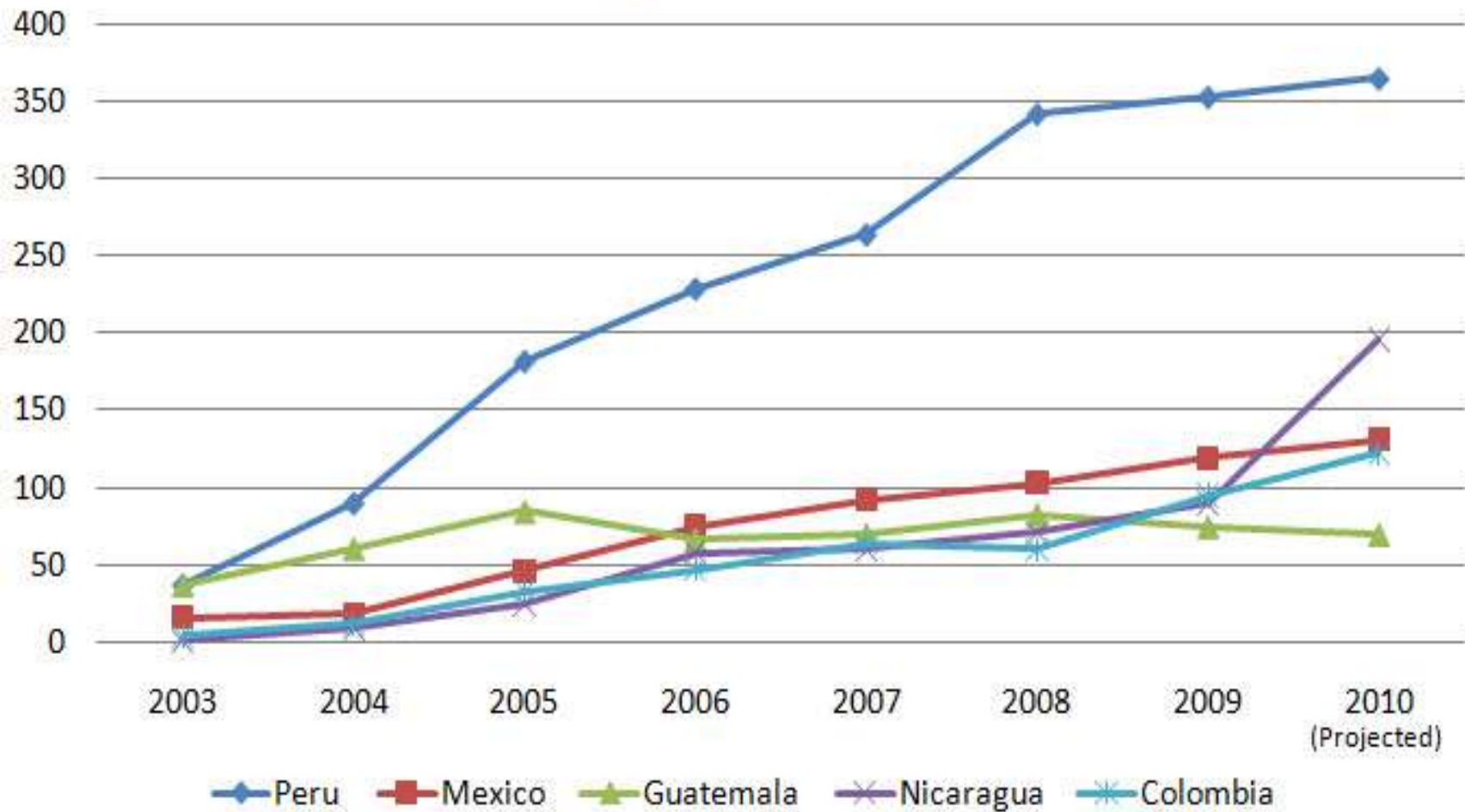
Top apparel exporters to the U.S. in 2010



Source: Commerce Department











## U.S. Imports of Fair Trade Coffee

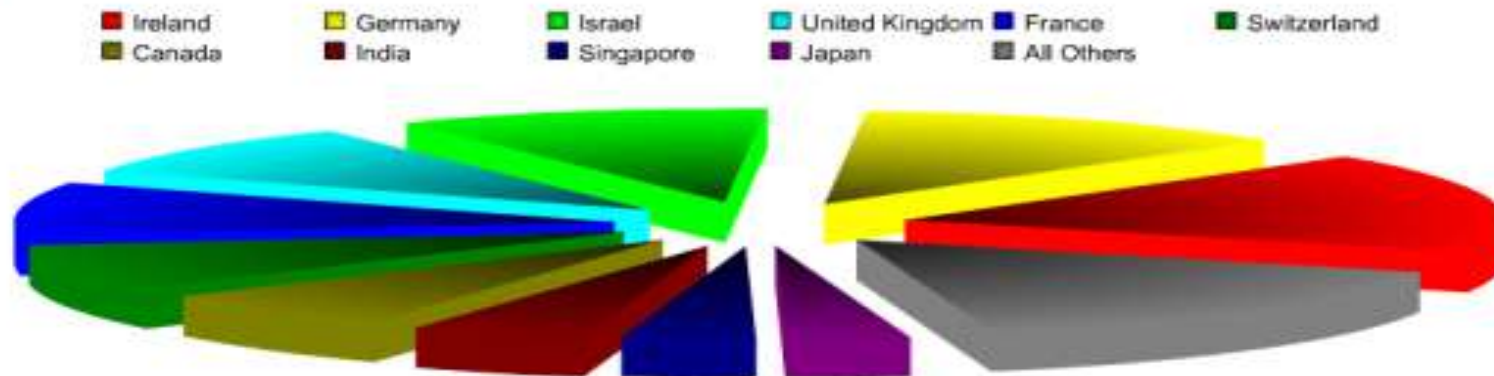
(# of Shipments)



## U.S. Imports of Medicines in Doses in 2010

[\[Report Options\]](#)

Imports from Country	2010 Value	Share
 Ireland	\$ 8,760,658,642	17.6%
 Germany	\$ 5,997,844,721	12.1%
 Israel	\$ 4,900,661,902	9.9%
 United Kingdom	\$ 4,620,871,581	9.3%
 France	\$ 4,558,476,293	9.2%
 Switzerland	\$ 4,000,648,727	8.1%
 Canada	\$ 3,317,532,570	6.7%
 India	\$ 2,361,399,999	4.8%
 Singapore	\$ 1,774,141,723	3.6%
 Japan	\$ 1,701,706,286	3.4%



Data source: U.S. Census

## U.S. Exports:

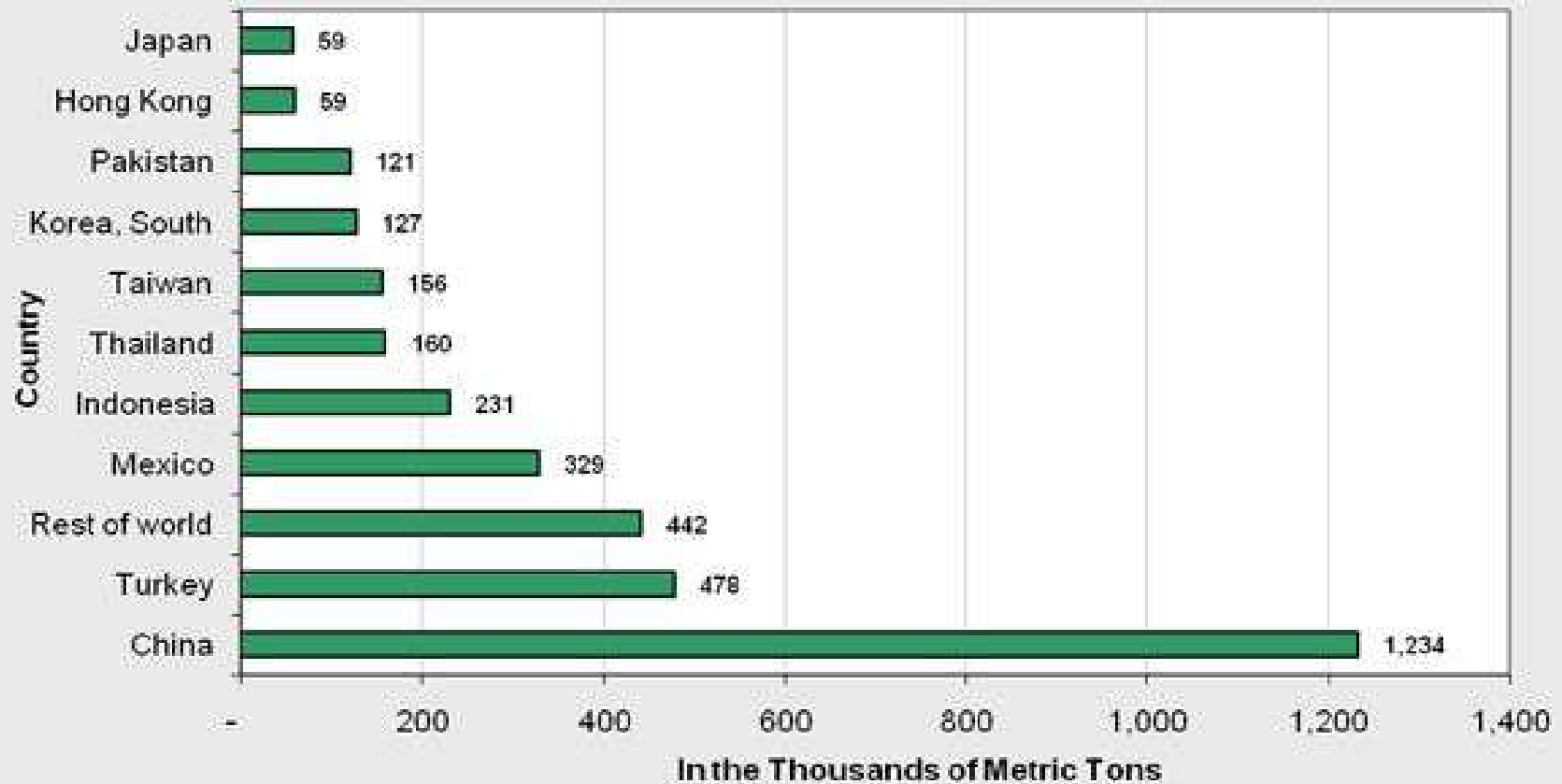
DIRECTIONS: Gather information from the graphs. Record the top 5 (if applicable) countries for each market in the box below the map. Then draw arrows from the U.S. to the top 5 countries in each market. Create a key and use a different color for each market.

**Key:**

COTTON	CATTLE	SOYBEANS	CHEESE	CORN
1. _____	1. _____	1. _____	1. _____	1. _____
2. _____	2. _____	2. _____	2. _____	2. _____
3. _____	3. _____	3. _____	3. _____	3. _____
4. _____	4. _____	4. _____	4. _____	4. _____
5. _____	5. _____	5. _____	5. _____	5. _____

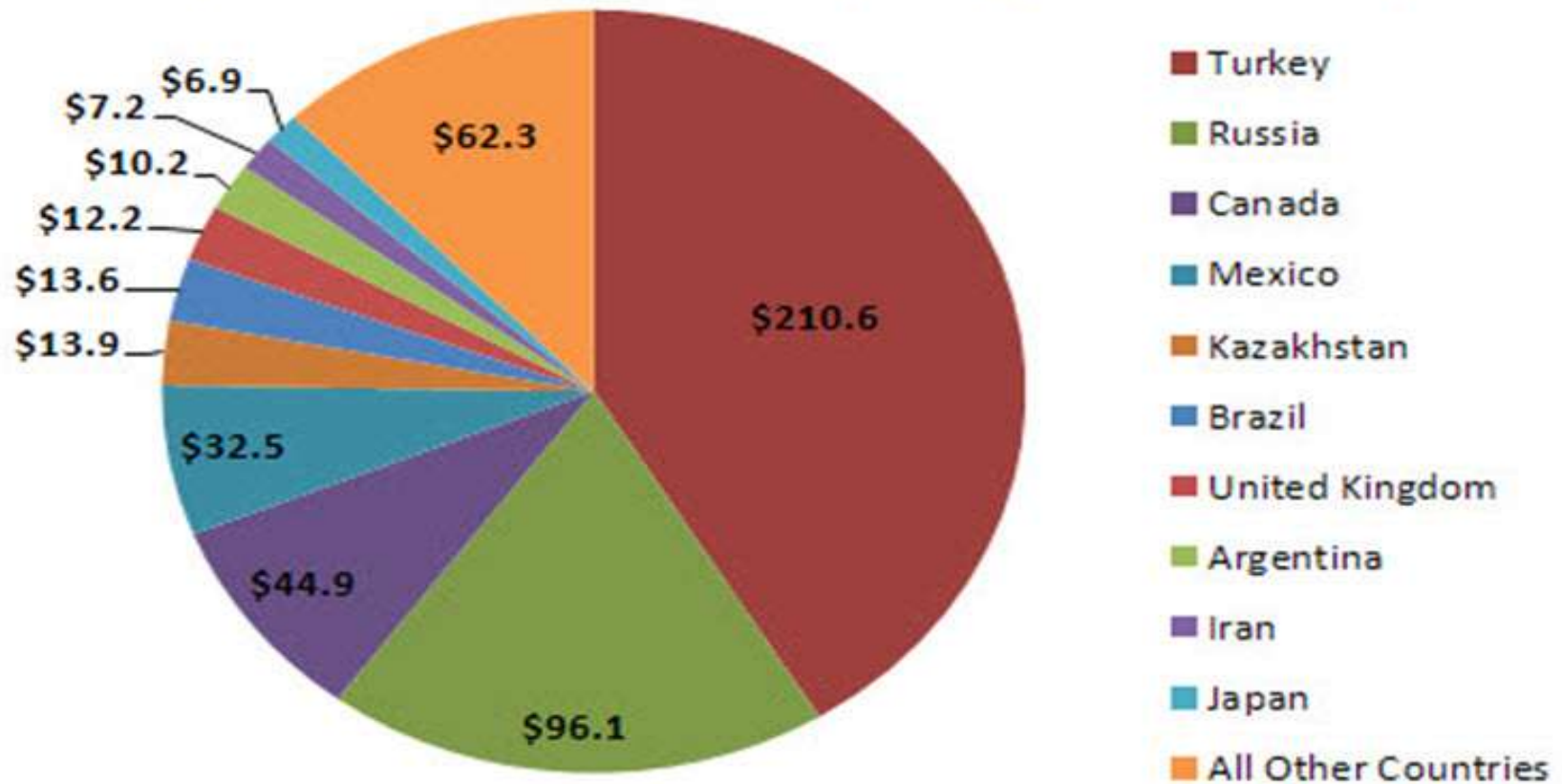


### Top 10 U.S. Export Markets for Cotton



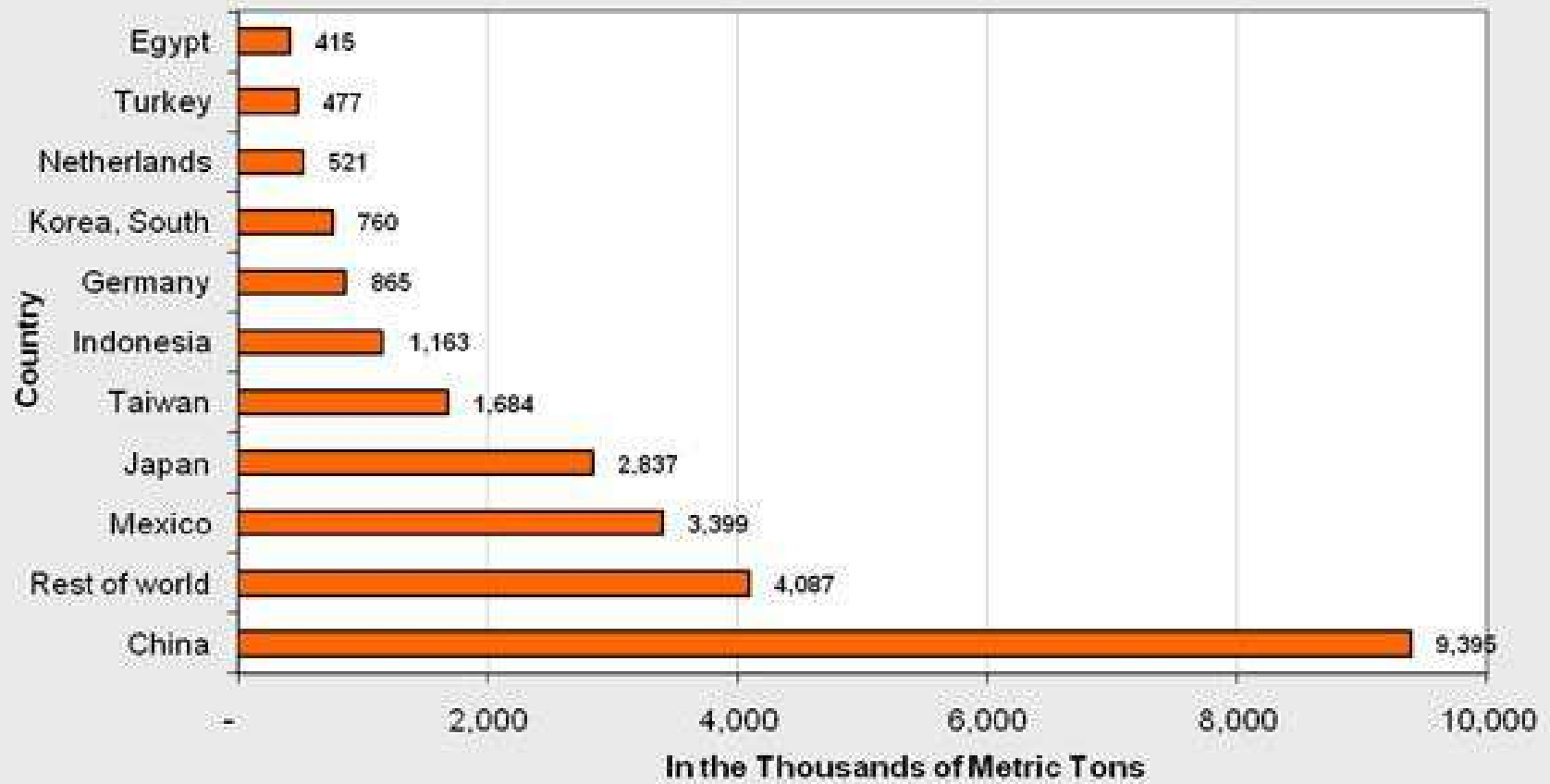
## 2011 U.S. Exports of Cattle

Top 10 Countries of Destination by Value (*Millions of Dollars*)

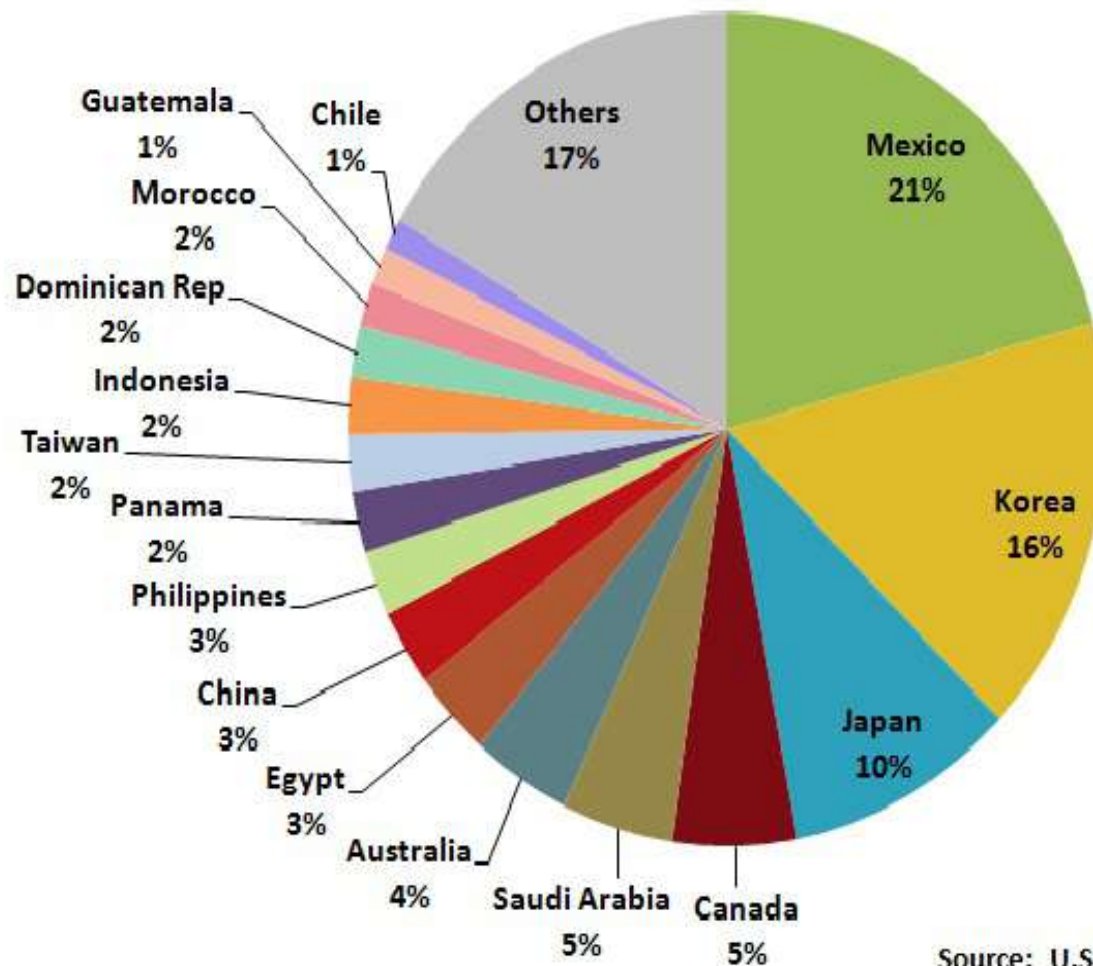




### Top 10 U.S. Export Markets for Soybeans

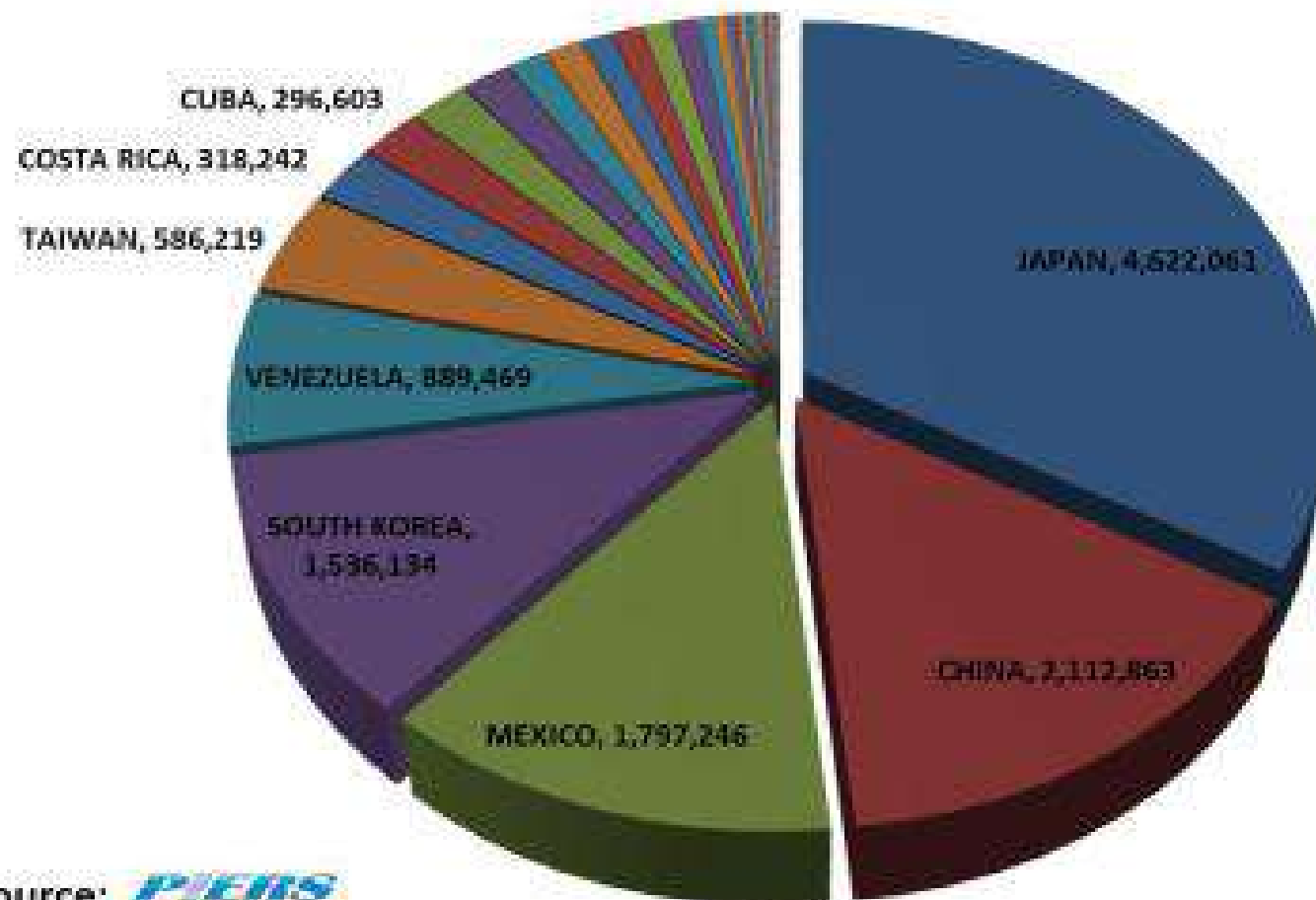


## Where Did U.S. Cheese Exports Go in 2011?



Source: U.S. International Trade Commission

## Top Markets for U.S. Corn Exports 1H 2012 in MTONs



Source: **PLAIS**

## **Student Directions**

### **Debating NAFTA Performance Task**

#### **Task:**

The U.S. has compiled over 20 years of data from the North America Free Trade Agreement with Canada and Mexico. However, this information is often interpreted in different ways and economists, politicians, and citizens in all 3 countries disagree about NAFTA's effectiveness. Your school has established a team of students who will research the topic and present your findings to the governor of Delaware. You have been selected to lead this project by your teachers and peers.

#### **Your Assignment:**

You will write an argumentative essay that addresses the debate surrounding the effectiveness of NAFTA and whether the U.S. should become involved in future free trade agreements. Your essay will be read by the governor, school officials, and economists statewide.

Make sure you establish an argumentative claim from the sources you have read. Develop your ideas clearly and use your own words, except when quoting directly from the sources. Be sure to reference the sources by title or number when using details or facts directly from the sources.

#### **Directions for Beginning:**

You will now examine several sources. You can re-examine any of the sources as often as you like.

#### **Research Questions:**

After examining the research sources, use the remaining time in Part 1 to answer three questions about them. Your answers to these questions will be scored. Also, your answers will help you think about the research sources you have read and viewed, which should help you write your argumentative essay.

You may refer back to your scratch paper or look at your notes when you think it would be helpful. Answer the questions in the spaces below the items. Your written notes on scratch paper will be available to you in Part 1 and Part 2.

## Part 1

### Sources for Performance Task

#### Source#1

## Under NAFTA, Mexico Suffered, and the United States Felt Its Pain

By **Laura Carlsen**, director of the Americas program at the Center for International Policy

November 24, 2013

NAFTA is limping toward its 20<sup>th</sup> anniversary with a beat-up image and a bad track record. Recent polls show that the majority of the U.S. people favors “leaving” or “renegotiating” the model trade agreement.

While much has been said about its impact on U.S. job loss and eroding labor conditions, some of the most severe impacts of NAFTA have been felt south of the border.

***Corn imports drove down farmers' price, driving millions to migrate north. It lowered labor rights and environmental rules, hurting all workers.***

NAFTA has cut a path of destruction through Mexico. Since the agreement went into force in 1994, the country's annual per capita growth flat-lined to an average of just 1.2 percent -- one of the lowest in the hemisphere. Its real wage has declined and unemployment is up.

As heavily subsidized U.S. corn and other staples poured into Mexico, producer prices dropped and small farmers found themselves unable to make a living. Some two million have been forced to leave their farms since NAFTA. At the same time, consumer food prices rose, notably the cost of the omnipresent tortilla.

As a result, 20 million Mexicans live in “food poverty.” Twenty-five percent of the population does not have access to basic food and one-fifth of Mexican children suffer from malnutrition. Transnational industrial corridors in rural areas have contaminated rivers and sickened the population and typically, women bear the heaviest impact.

Not all of Mexico's problems can be laid at NAFTA'S doorstep. But many have a direct causal link. The agreement drastically restructured Mexico's economy and closed off other development paths by prohibiting protective tariffs, support for strategic sectors and financial controls.

NAFTA's failure in Mexico has a direct impact on the United States. Although it has declined recently, jobless Mexicans migrated to the United States at an unprecedented rate of half a million a year after NAFTA.

Workers in both countries lose when companies move, when companies threaten to move as leverage in negotiations, and when nations like Mexico lower labor rights and environmental enforcement to attract investment.

Farmers lose when transnational corporations take over the land they supported their families on for generations. Consumers lose with the imposition of a food production model heavy on chemical use, corporate concentration, genetically modified seed and processed foods. Border communities lose when lower environmental standards for investors affect shared ecosystems.

The increase in people living in poverty feeds organized crime recruitment and the breakdown of communities. Increased border activity facilitates smuggling arms and illegal substances.

After promising to renegotiate NAFTA for many of these reasons, the Obama administration is now pushing the Trans-Pacific Partnership. The Pacific pact, which is a regional NAFTA -style trade agreement, would grant even greater privileges to transnational corporations and would exacerbate problems for Mexico and other developing countries.

That's not good for them, and it's not good for the United States.

## Source #2

### **NAFTA Lowered Wages, as It Was Supposed to Do**

**By Dean Baker**, economist and the co-director of the Center for Economic and Policy Research

December 5, 2013

Given the trends in U.S. trade with Mexico over the last two decades, it is strange that there is much of a debate over NAFTA's impact on wages. At the time NAFTA was passed in 1993 the United States had a modest trade surplus with Mexico. In 2013 we are on a path to have a trade deficit of more than \$50 billion. The \$50 billion in lost output corresponds to roughly 0.3 percent of gross domestic product, assuming the same impact on employment; this would translate into more than 400,000 jobs. If each lost job would have led to half a job being created as a result of workers spending their wages, this would bring the total impact to 600,000 jobs.

A main purpose was to let U.S. firms locate in Mexico without fear of nationalization or restrictions on repatriating profits.

Of course some of the shift from surplus to deficit might have occurred even without NAFTA, but it would be difficult to argue that NAFTA was not a major contributing factor. After all, one of the main purposes of the agreement was to make U.S. firms feel confident that they could locate operations in Mexico without having to fear that their factories could be nationalized or that Mexico would impose restrictions on repatriating profits. This encouraged firms to take advantage of lower cost labor in Mexico, and many did.

This can produce economic gains; they just don't go to ordinary workers. The lower cost of labor translates to some extent into lower prices and to some extent into higher corporate profits. The latter might be good news for shareholders and top management, but is not beneficial to most workers.

Lower prices are helpful to workers as consumers, but are not likely to offset the impact on wages. To see this point, imagine that NAFTA was about reducing the wages of doctors by eliminating the barriers that made it difficult for Mexican school children to train to U.S. standards and practice medicine in the United States.

If we got an additional 200,000 doctors from Mexico over the last 20 years then it would likely go far toward bringing the pay of doctors in the United States more in line with the pay of doctors in other wealthy countries. This would lead to tens of billions of years in savings in health care costs to patients and the government.

Even doctors would share in these savings, since they too would have to pay less for their health care. However no one would try to tell doctors that they were better off from this trade deal because of their reduced health care costs. The hit to their wages would have swamped the savings on their health care bill. This is the same story with ordinary workers and the impact of NAFTA.

NAFTA could have been structured to bring the pay of doctors and other highly paid professionals more in line with their pay in other wealthy countries by removing barriers. This would have produced substantial economic gains to the economy as a whole (it's the exact same model as economists use to show gains from the NAFTA we have), except these gains would be associated with a downward rather than an upward redistribution of income.

The doctors and their allies among the elite have been able to prevent such a deal from being considered by the politicians in Washington, American workers don't have that power.



### Source #3

#### **Mexico's Growth Has Helped the U.S.**

**By Gerónimo Gutiérrez**, managing director of the North American Development Bank

November 24, 2013

Despite challenges that may sometimes seem daunting, the relationship between Mexico and the United States has shown remarkable resilience and has been by and large mutually beneficial. NAFTA is largely the catalyst to the strength of this relationship.

NAFTA was conceived as a way to increase trade and investment flows by setting a set of common rules to govern trade relations. Trade flows among the three countries have grown well above total output, investment flows have also increased significantly, and the vast majority of trade and investment relations among the three partners occur without disputes.

U.S. goods account for 40 percent of the value of imports from Mexico. Mexico buys more from the U.S. than do the BRIC nations.

Trade between the United States and Mexico reached nearly \$500 billion in 2012, which represents more than a six-fold increase since 1992 when NAFTA negotiations concluded.

While an impressive figure on its face, what often astounds Americans and Mexicans alike is that Mexico buys more from the United States than the BRICs combined – Brazil, Russia, India and China. As cited by the U.S. Chamber of Commerce, 6 million U.S. jobs depend on trade with Mexico. This is a border-oriented relationship, yes, given the volume of surface trade, but states such as Ohio, Pennsylvania and New York with export goods such as transportation equipment, metals and jewelry, also benefit greatly from the growing consumer base of the U.S.'s southern neighbor. According to the Woodrow Wilson Center, 25 cents of every dollar of imported goods from Canada to the U.S. is "Made in USA" content, and the figure is 40 cents of every dollar for goods imported from Mexico. This indicates that NAFTA is creating partners and not competitors among its member countries.

As for Mexico's interest in this bilateral relationship, it can be summarized in two facts: about 80 percent of Mexico's exports go to the U.S., while 50 percent of the accumulated foreign direct investment received between 2000 and 2011 comes from its northern neighbor. Moreover, NAFTA has been the fundamental anchor for reforms that make Mexico a more modern economy and open society.

NAFTA has been clearly successful. Yet, a difficult and complex global economic environment calls on public and private leaders to continue looking ahead. Thinking about North America, and in particular about what can be done to keep the region competitive, has never been timelier.

#### Source #4

### **With NAFTA, Everyone Benefited From a Larger Economy**

**By Eugene Beaulieu**, director of the International Economics Program at the School of Public Policy and professor of economics at the University of Calgary.

November 24, 2013

As NAFTA turns 20 years old on Jan. 1, its elder sibling, the Canada-U.S. Free Trade Agreement, which Canada pursued to secure access to an increasingly protectionist United States market, turns 25.

Both birthdays merit celebration. The Canada-U.S. pact and NAFTA, which superseded it, have been incredibly successful in their key goals of expanding continental trade and investment.

NAFTA facilitated an integrated North American economy, letting producers obtain and produce goods continentally and compete globally.

Trade between the three countries grew from 1/3 of their total trade in 1989, to half of their total trade today, according to Robert A Pastor in his paper "Speed Bumps, Potholes, and Roadblocks on the North American Superhighway." Moreover, while trade in North America tripled, foreign direct investment between the partners grew a staggering six times between 1994 and 2010. This success has translated into solid employment and economic growth in Canada. No wonder a recent survey found that 80 percent of Canadians support North American free trade.

But, the most significant impact of NAFTA has been the integration of the North American economy in ways the architects of the agreement did not envision. NAFTA was designed at a time when trade was in consumer goods; before global value chains changed trading relationships. Today, most trade is in intermediate products as part of a fragmented production process. Nafta facilitated an integrated North American economy allowing producers to obtain and produce goods continentally and compete in a globalized world. Canadian consumers have enjoyed access to quality products at lower prices.

Unfortunately, a push for further economic integration has been sidelined, principally by security concerns following 9/11. A strong case can be made that North America would benefit significantly from further integration.

NAFTA should be enhanced and expanded to other countries and regions. These NAFTA -plus agreements should go beyond NAFTA to include local and regional government procurement, intellectual property, services and agriculture. These provisions are part of Canada's recently announced comprehensive trade agreement with Europe.

But equally important, North American integration needs to go deeper and further than NAFTA. North American economies should pursue a common external tariff, harmonized regulations, a continental energy strategy and improved labor mobility.

NAFTA has worked. But we can make it work even better.

## Part 1: Questions

1. The author in Source #1 states that "...20 million Mexicans live in "food poverty." Twenty-five percent of the population does not have access to basic food and one-fifth of Mexican children suffer from malnutrition." Explain how the author of Source #3 respond to these facts. Justify your answer and support it with **two** details from the source.

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2. The author in Source #2 writes, "Mexico would impose restrictions on repatriating profits. This encouraged firms to take advantage of lower cost labor in Mexico, and many did." Lower production costs should produce economic gains. According to the author, how are these profits being used? What would be a more beneficial use of these profits?

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3. Look at the claims in the table. Decide if the information in Source #1, Source #2, Source #3, or Source #4 supports each claim. Put a check in the box that identifies the source that supports each claim. Some claims will have more than one box selected.

CLAIM	Source #1: <i>Under NAFTA, Mexico suffered, and the U.S. felt its pain</i>	Source #2: <i>NAFTA lowered wages, as it was supposed to do</i>	Source #3: <i>Mexico's growth has helped the U.S.</i>	Source #4: <i>With NAFTA, everyone benefited from a larger economy</i>
NAFTA was unknowingly designed to withstand the change from consumer to intermediate goods.				
Lower prices are good for workers as consumers, but not good enough.				
NAFTA has done well, but North American trade needs to Continue expanding globally.				
Lower prices on goods such as corn has left many Mexican farmers and workers jobless and homeless.				

**Student Directions:****Debating NAFTA Argumentative Performance Task****Part 2**

You will now review your notes and sources, and plan, draft, revise, and edit your writing. You may use your notes and refer to the sources. Now read your assignment and the information about how your writing will be scored; then begin your work.

**Your Assignment:**

You will write an argumentative essay that addresses the debate surrounding the effectiveness of NAFTA and whether the U.S. should become involved in future free trade agreements. Your essay will be read by the governor, school officials, and economists statewide.

Your assignment is to use the research sources to write a multi-paragraph argumentative essay either supporting or opposing the United States' involvement in future agreements like NAFTA. Make sure you establish an argumentative claim from the sources you have read. Develop your ideas clearly and use your own words, except when quoting directly from the sources. Be sure to reference the sources by title or number when using details or facts directly from the sources.

### Argumentative Essay Scoring:

Your argumentative essay will be scored using the following:

1. How well did you state your claim, address opposing claims, and maintain your claim with a logical progression of the ideas from beginning to end? How well did your ideas thoughtfully flow from beginning to end?

#### Organization/purpose:

Goal	Yes	No
1. State your claim:		
2. Address opposing claims:		
3. Maintain your claim with a logical progression of the ideas from beginning to end:		
4. Ideas thoughtfully flow from beginning to end using effective transitions:		
5. Create an effective introduction and conclusion:		

#### Evidence and Elaboration:

Goal	Yes	No
1. Integrate relevant and specific information from the sources:		
2. Elaborate your ideas:		
3. Clearly state ideas in your own words using precise language that is appropriate for your audience and purpose:		
4. Reference the sources you use by title and number:		

#### Conventions:

Goal	Yes	No
1. Follow the rules of grammar usage, punctuation, capitalization, and spelling:		



**Now begin your work on your argumentative essay.** Manage your time carefully so that you can

- plan your multi-paragraph argumentative essay,
- write your multi-paragraph argumentative essay,
- revise and edit the final draft of your multi-paragraph argumentative essay.

For Part 2, you are being asked to write a multi-paragraph argumentative essay, so please be as thorough as possible. Write your response on lined paper and be sure that your writing is legible.

Remember to check your notes and your prewriting/planning as you write and then revise and edit your argumentative essay.