

Delaware Recommended Curriculum

This unit has been created as an exemplary model for teachers in (re)design of course curricula. An exemplary model unit has undergone a rigorous peer review and jurying process to ensure alignment to selected Delaware Content Standards.

Unit Title: **Why Trade?**

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Content Area: **Social Studies**

Grade Level: **7**

Summary of Unit

This unit was created under a Teacher Quality Enhancement Grant. The lessons of this unit are adapted from several publications from the Council for Economic Education, including: The Wide World of Trade (2003), Focus: Middle School Economics (1998), Geography: Focus on Economics (1996).

This unit for 7th grade consists of four lessons which provide opportunities for students to problem solve, role play and work cooperatively while examining how nations with different economic systems specialize and become interdependent through trade and how government policies allow either free or restricted trade.

Lesson 1 – Why People Trade: This lesson begins with a vocabulary activity that will familiarize students with important economic terms and concepts. Next, students will examine their clothing and determine where each item is produced to demonstrate how they are connected to other parts of the world. Finally, students will take part in a production simulation designed to enable them to determine why people trade and how the quantity and quality of productive resources available in a country affects a country's ability to satisfy the wants of its people.

Lesson 2 – Trading Connections: This lesson introduces vocabulary that is essential for understanding international trade. Students participate in a simulation to learn how trade benefits them as individuals and how trade benefits people in different regions and countries. Working in pairs, students learn about the major import and export partners for twelve countries. They identify exports and imports for each country. Using this information, students draw a generalization about how trade benefits consumers.

Lesson 3 – Specialization: This lesson is based on a specialization simulation where students look at how nations with different economic systems specialize and become interdependent through trade. The lesson begins with students identifying their own specialties, then students participate in different activities, learning not

only about their individual strengths, but that of the group. Each group represents a different country.

Lesson 4 – Trade Barriers: In this final lesson of the unit, students will explore the impact of various barriers to trade and determine who gains and who loses when trade barriers are imposed. Students will learn the names and descriptions of several different types of government policies that impact trade. Students will identify and describe commonly used trade barriers. Students will explain why trade barriers are imposed. Students will predict the impact of trade barriers on price. Students will analyze which groups (consumer and producer groups) gain and which groups lose from the imposition of a tariff.

The Transfer Task for this unit evaluates students' understanding of the impact of foreign trade legislation upon consumers and producers.

Stage 1 – Desired Results

What students will know, do, and understand

Delaware Content Standards

Economics Standard Four 6-8a: Students will examine how nations with different economic systems specialize and become interdependent through trade and how government policies allow either free or restricted trade.

[CCSS.ELA-Literacy.RH.6-8.1](#)

Cite specific textual evidence to support analysis of primary and secondary sources.

[CCSS.ELA-Literacy.RH.6-8.4](#)

Determine the meaning of words and phrases as they are used in a text, including vocabulary specific to domains related to history/social studies.

[CCSS.ELA-Literacy.SL.6.1](#)

Engage effectively in a range of collaborative discussions (one-on-one, in groups, and teacher-led) with diverse partners on grade 6 topics, texts, and issues, building on others' ideas and expressing their own clearly.

Big Ideas

- Trade occurs when all parties expect to benefit.
- Nations with different economic systems are interdependent due to specialization and trade.
- Government policies affect trade.

Unit Enduring Understandings

- Individuals and nations trade when all parties expect to gain.
- Nations with different economic systems often specialize and become interdependent as a result of international trade.
- Government actions that promote competition and free trade among people and nations increase the health of an economy and the welfare of nations.

Unit Essential Questions

- Why do individuals and countries trade?
- Why do individuals and businesses within a country specialize?
- Why and when might government make rules for trade?
- How do government policies impact consumers and producers?

Knowledge and Skills

Students will know...

- Trade creates interdependence
- Resources are unevenly distributed
- Countries specialize in the product of goods and then trade with other countries
- World output increases when countries specialize and trade
- Government trade policies influence trade patterns

Students will be able to...

- Evaluate the impact of government trade policies have on foreign and domestic consumers, producers, and resource owners
- Explain how and why people trade
- Analyze costs and benefits of trade

Unit Title/Grade: **Why Trade?**

Content/Benchmark:

Economics Standard Four 6-8a: Students will examine how nations with different economic systems specialize and become interdependent through trade and how government policies allow either free or restricted trade.

Enduring Understandings: Individuals and nations trade when all parties expect to gain.

- Nations with different economic systems often specialize and become interdependent as a result of international trade.
- Government actions that promote competition and free trade among people and nations increase the health of an economy and the welfare of nations.

STUDENTS WILL BE ABLE TO: Evaluate the impact of government trade policies have on foreign and domestic consumers, producers, and resource owners

- Explain how and why people trade
- Analyze costs and benefits of trade

Unit Essential Questions:

- Why do individuals and countries trade?
- Why do individuals and businesses within a country specialize?
- Why and when might government make rules for trade?
- How do government policies impact consumers and producers?

<p><u>Concept:</u> Why People Trade</p>	<p><u>Concept:</u> Trade Connections</p>	<p><u>Concept:</u> Specialization</p>	<p><u>Concept:</u> Trade Barriers</p>
<p><u>LEQ/CFU:</u></p> <ul style="list-style-type: none"> • Why do individuals and countries trade? • What are the impacts of international trade? 	<p><u>LEQ/CFU:</u></p> <ul style="list-style-type: none"> • How does trade affect consumers? • Why do people and organizations in countries import the same type of products that they export? 	<p><u>LEQ/CFU:</u></p> <ul style="list-style-type: none"> • Why do individuals and businesses within a country specialize? • How does specialization impact the GDP of a country? 	<p><u>LEQ/CFU:</u></p> <ul style="list-style-type: none"> • How do government policies impact consumers and producers? • Why and when might government make rules for trade?
<p><u>Vocabulary:</u> trade, interdependence, voluntary exchange, standard of living, productive resources, scarcity</p>	<p><u>Vocabulary:</u> import, export, specialization, exchange, foreign goods, domestic goods</p>	<p><u>Vocabulary:</u> standard of living, Gross Domestic Product (GDP), Gross Domestic Product per Capita, trade barriers</p>	<p><u>Vocabulary:</u> tariffs, quotas, embargoes, subsidies, product regulations, product standards</p>

Stage 2 – Assessment Evidence

Evidence that will be collected to determine whether or not Desired Results are achieved

Transfer Task

This summative assessment is a transfer task that requires students to use knowledge and understandings to perform a task in a new setting or context.

The assessment and scoring guide should be reviewed with students prior to any instruction. Students should complete the assessment after the lessons conclude.

Essential Question addressed by the transfer task:

- How do government trade policies impact foreign and domestic consumers, producers and resource owners?

Prior Knowledge	Now that you have learned about why countries trade and the costs and benefits of trade policies, you will use this information to make a presentation about the impact of a trade policy.
Problem	Congress will be voting on a bill that proposes implementing a trade policy on imported clothing. They need information on why countries trade and the impact of a trade policy on clothing.
Role	<p>You work for a United States Senator who has asked you to study this issue and make a presentation on why countries trade and how a trade policy on clothing could affect different groups.</p> <p>Select one of the following trade policies as the focus of your presentation.</p> <p style="text-align: center;">Tariff, Quota, Embargo, Product Standard or Subsidy</p> <p>In your presentation explain the impact the trade policy you selected will have on three of the following groups:</p> <ul style="list-style-type: none">• consumers of clothing• producer of clothing in the US• owner of shipping company, employees of clothing manufacturers in the US• foreign producers of clothing• employees of clothing stores• employees of foreign clothing manufacturers
Product/Performance	<p>Your presentation can take a variety of formats. Some possible formats are listed below. If you have another idea, check with your teacher.</p> <p>PowerPoint, Poster, News article, Comic strip or another graphic illustration or Written report</p> <p>You may use Task Organizer to help you organize your information.</p>
Criteria for Exemplary Response	<p>Be sure to include the following in your report to the senator:</p> <ul style="list-style-type: none">• a cost-benefit analysis which includes who gains and what they gain and who loses and what they lose• your recommendation how the senator should vote on the bill and why.

Transfer Task Rubric

Criteria – Informative	Exemplary (Exceeds Standard) 3 Points	Accomplished (Meets Standard) 2 Points	Developing (Below Standard) 1 Point
Economic Key Words Type of Trade Policy Costs and Benefits Interdependence Specialization Government Policies	Effectively identifies content-appropriate information to support understanding with usage of essential economic terms	Somewhat effectively identifies content-appropriate vocabulary information to support understanding of economic terms	Content-appropriate economic vocabulary is not effectively used in the response
Explanation of the impact chosen trade policy has on three of the groups <i>(consumers of clothing, producer of clothing in the USA, owner of shipping company and employees of clothing manufacturers in the USA, foreign producers of clothing, employees of clothing stores, and employees of foreign clothing manufacturers)</i>	Explanation displays a well developed comprehension of how the trade policy affects at least three of the groups	Explanation displays a partially developed comprehension of how the trade policy affects at least three of the groups	Explanation displays a minimally developed comprehension of how the trade policy affects at least three of the groups
Reason(s) why countries trade	Effectively identifies and fully explains a variety of reasons why countries trade	Somewhat effectively identifies and explains reasons why countries trade	Does not effectively identify or explain why countries trade
Recommendation for the senator	Recommendation made with a well developed explanation of reasons why	Recommendation made with a partially developed explanation of reasons why	Recommendation made with a minimally developed explanation of reasons why

10 to 12 points = Above the standard

7 to 9 points = Meets the standard

4 to 6 points = Below the standard

Stage 3 – Learning Plan

Design learning activities to align with Stage 1 and Stage 2 expectations

Lesson 1: Why People Trade

This lesson begins with a vocabulary activity that will familiarize students with important economic terms and concepts. Next, students will examine their clothing and determine where each item is produced to demonstrate how they are connected to other parts of the world. Finally, students will take part in a production simulation designed to enable them to determine why people trade and how the quantity and quality of productive resources available in a country affects a country's ability to satisfy the wants of its people.

Essential Question

- Why should countries trade?

Instructional Strategies

Strategy 1: Gathering Information

Vocabulary and Word Wall/Concept Map

Materials: 1 copy of [Activity 1.1](#) for each student

Distribute a copy of [Activity 1.1, Economic Terms and Concepts](#), to each student. Ask students to complete Part A and Part B-Pre. Tell students that it is ok if they don't know the words. Collect the worksheets. At the end of the lesson, return the papers for the students to complete the Post section (after simulation activity – Strategy 3). Vocabulary definitions are:

Trade — exchanging goods, services, and resources for other goods, services, and resources, or for money

Voluntary exchange — trading without anyone forcing you to do so.

Interdependence — people must depend on other people to get the things they want

Standard of Living — amount of goods and services per person in a country

Productive Resources (often referred to as resources) — the things used to produce a good or service

Scarcity — the condition of not being able to get all the goods and services one wants. It exists because human wants for goods and services exceed the quantity of goods and services that can be produced using all the available resources

Introduce the lesson with a Concept Map. Display the Concept Map (See text box below) on a bulletin board or large chart paper. Initially the concept map will consist of the title of the unit, "Why Trade?" and the title of the first lesson, "Why People Trade." As concepts are introduced in the lesson add them to the map. As additional lessons are taught new concepts will be added. Have students copy the WORD WALL/Concept Map into their notebooks. Ask students to define the words and write examples of the words on the concept map, adding another level/dimension to the concept map.

Other things to do with a concept Map include:

- Have students write the words in alphabetical order.
- Give students a list of five – seven examples and have them write the category to which they belong.
- Write questions about the concept map
- Have students generate a quiz about the concept map.
- Have students explain what they know well and what they still need to better understand.
- Create TPR (Total Physical Response) motions for each of the words.

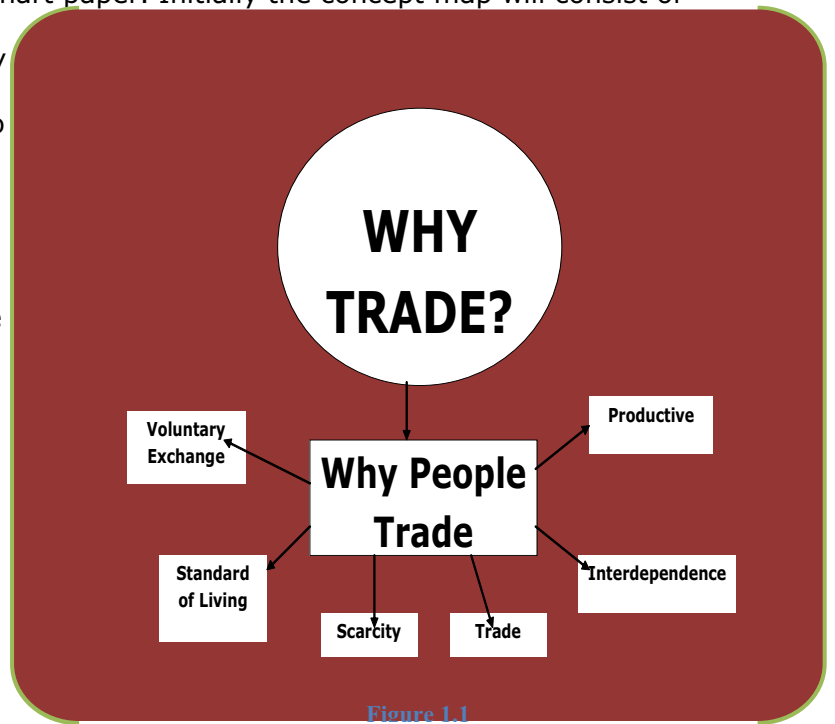


Figure 1.1

Check for Understanding

- Explain why people trade using at least three of the vocabulary words.

Rubric

2 – This response gives a valid explanation with accurate and relevant definitions of three or more words.

1 – This response gives a valid explanation with accurate and relevant definitions of less than three words.

Strategy 2: Extending and Refining

Map Analysis¹

Materials: 1 Political World Outline Map Poster ([Activity 1.2](#))

Reference maps, atlases

Peel-off dot stickers

Ask students to imagine a week in which all the things they use, wear, and eat were limited to items produced in the state of Delaware. Ask students what items would be unavailable? What would the impact of these goods and services not being available? Record student responses on the board. *(Students might suggest that among the items unavailable would be most small appliances, cars, and the fuel to run them, fruits and vegetables grown elsewhere in the United States and in other countries such as coffee, tea, and chocolate.)*

Ask students where they think most of their clothing is made. List their responses on the board. Working with a partner have students check labels on their clothing, shoes, watches, lunch box items (bananas, out of season fruits), and other items they may have in their desks or book bags. Have each pair place a sticker on the wall map to mark the locations of the countries of origin for their items. Discuss:

Are there particular regions of the world that dominate the maps?

Past student created maps show that Asia dominates the clothing and fruit from South America.

How does the map indicate that we depend on other countries?

Student will have identified many countries where goods were manufactured.

What are the negative consequences of dependency?

Occurrences such as natural disasters or political changes can stop or slow the flow of goods.

What are the positive consequences of dependency?

Domestic producers can specialize (focus) on manufacturing of other items. Goods that are made from resources that are not readily available can be imported from countries with those resources. Some food products are an example.

Check for Understanding

- Describe one positive and one negative impact of international trade.

Rubric

2 – This response gives an accurate and relevant description of positive and negative impacts.

1 – This response gives an accurate and relevant description of positive OR negative impacts.

¹ This lesson is adapted from an out of print "Look At What You Are Wearing" lesson from the National Geographic Society. A synopsis can be found [here](#).

Strategy 3: Extending and Refining Simulation²

Materials:

- 7 large manila envelopes (materials for envelopes – [See Activity 1.3](#))
- [Activity 1.4](#), Production Instructions, one copy per student
- [Activity 1.5](#), Trading Chart, one copy per country, and one copy to use as a visual.
- [Activity 1.6](#), Debrief, one copy per student
- [Activity 1.7](#), Check for Understanding, one copy per student
- Samples of products that represent food, clothing, shelter, businesses, and education as described in [Activity 1.4](#), Production Instructions
- Chart paper for debriefing – 1 piece

Classroom Set-Up:

Arrange student desks so that Country 1 is be the largest group of approximately 7 students. Country 2 is the smallest, with two students. Countries 3 through 7 should consist of 3 to 4 students each.

Select group members to ensure mixed abilities. In doing so, this will give additional support to students who need it.

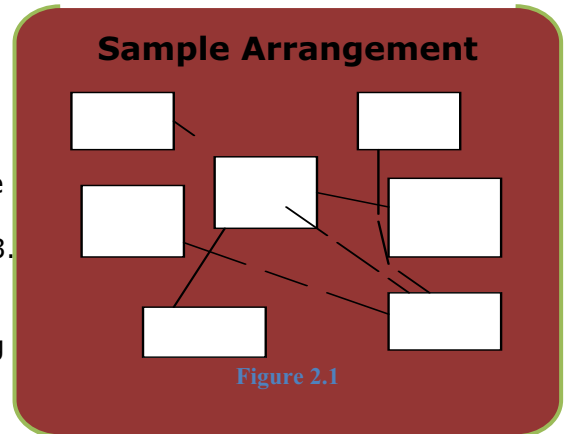
Simulation Instructions:

1. Display country envelopes and explain that the envelopes contain a variety of materials that represent productive resources. Tell students that **productive resources** are the things that are used to make goods and provide services. These include workers, tools, equipment, and natural resources. Often productive resources are called resources.
2. Distribute copies of [Activity 1.4](#), Production Instructions, to each student. Read the instructions with students. (**Optional** - display samples of the goods and services countries must produce to satisfy the wants of their citizens.) Explain that food items have to be the same color as real food. There is no restriction on color or style of clothing. The restriction on shelter is that it cannot be any smaller than 2"x 2"x 2" and it has to be 3 dimensional. (**Optional** - Show examples of model shelters). For business, show what is meant by a link. For education, show how to fold pages to make a book, but to remember the specifications on color.
3. Explain that just like real countries, each group/country will have access to different types and amounts of resources. Distribute one envelope to each country. Country 1 is the largest group and Country 2 the smallest. Give students 5 minutes to plan for production by completing the bottom of [Activity 1.4](#). Read out loud and clarify any words students don't understand. Clarify how to complete the chart. Explain that in the "How to Satisfy Wants" column, students may draw pictures or just write out how they plan to make the goods to satisfy their countries wants. In the "Resources Needed" column, groups should identify resources they need but do not have to satisfy a want. In the "Strategies for Trading" column, they should identify extra resources they have that they can use to trade.

² This lesson is adapted from The Wide World of Trade, Lesson 4, "Resources and Trade", published by the National Council of Economic Education.

Inform students that when countries have different and unequal amounts of productive resources and, if they want, they trade with other countries to obtain the resources they need. Define **trade** as the exchange of goods, services, and resources for other goods, services and resources or for money. Ask for examples of things students trade. This might include food at lunch or money for a new pair of shoes. Add trade to the concept map.

Distribute one copy of [Activity 1.5](#), Trading Chart to each country. Explain that each time a country's citizens make a trade; they must record what they gave up, what they gained, and the number of the country with which they traded. Model for the students how a trade might be made trading a ¼ piece of purple paper and half a sheet of yellow for the use of a glue stick from Country 3. Record this trade on visual of [Activity 1.5](#). As an incentive for students to remember to write down their trades, a member from each country can ring a bell each time a trade is made.



4. Tell the students to begin trading. Observe the class and when the first trade is made signal for the class to stop trading. Using [Activity 1.5](#) have a member of one of the countries that made the trade, record what they gained, what they gave up and the number of the trade on [Activity 1.5](#).
5. Let trading resume. Instruct each country to notify you when its citizens have completed production. Allow time for students to produce. Provide enough time so all countries complete the task. Circulate among the groups to be sure that groups are only using materials provided in the seven country bags.
6. While students work in their groups, draw seven squares on a large sheet of chart paper (see Figure 2.1). These squares should be randomly placed so that they form a circle or oval with one or two countries in the middle. Use Inspiration to create the sample arrangement (if the technology exists in the classroom). If not, use a big piece of chart paper with different color markers or an overhead transparency with different color markers.
7. As each country finishes its task, ask one member to come to the board and use the information from [Activity 1.5](#) to draw lines connecting its country with each of the other countries with which it traded. Provide each country's representative with a different color marker.
8. At the end of the simulation and once the information from each country's Trading Chart has been shared, discuss each of the following:
 - a) Which countries had all the resources needed to satisfy their wants? (*None*). Point out that this is a problem of scarcity. Define scarcity as not having enough resources to satisfy everyone's wants. (Add scarcity to the concept map).
 - b) Ask students for some personal examples of scarcity. (*not enough money to buy everything they want or time to do everything they want*) or examples of scarcity in the classroom.

- c) Which resources were scarce for your country? (*Answers will vary. For example: countries 1 and 7 had no tools, country 2 only had red paper.*)
 - d) Which country had the most workers? (*Country 1*)
 - e) Which country had the most tools and was capital intensive? (*Country 2*)
 - f) What decisions did you make because of scarcity? (*Students will mention that they decided to trade to obtain some resources they didn't have. They may mention the number of times they traded and how they used their resources.*)
 - g) Which resource did many people in many of the countries want? (*Purple to provide education. Use of scissors made for better quality products.*)
 - h) Which countries had purple paper? (*Countries 4 and 7 had purple*)
9. Have representatives from each country show their products. Begin with housing. Tape everyone's house to the board. Discuss the quality of the houses. Then have them place them in order based on recognition of quality. Have them discuss how many trades they had to make to produce the house. Make a correlation between a country's available resources and ability to make trades, and the quality of their homes. In some cases they may have had tools but the quality of the labor (the students) was poor so the house was not as good as another country that might have had skilled labor and fewer resources. Do the same thing with the other products.
10. Discuss the following:
- a) In what ways do the products made in various countries differ? (*Some have rough edges; some have smooth edges. Some are folded together, others are glued together and others are held together with toothpicks. Some shelters are large with open sides; others are smaller with four closed sides, and so on. Some of the paper food is large and carefully shaped like the food it represents.*)
 - b) What might be a reason there was such wide variation in the way countries produced their final products? (*Answers will vary. There were differences in the quantity and quality of resources available, skills of workers, personal preferences, willingness to trade, and geography. Some countries may have tried to produce their products making as few trades as possible. Usually these countries have poor quality products. Show an example from one of these countries and an example from a country that made many trades. Some workers in a group may have lacked skills to construct the products. This, too, might have resulted in poorer quality goods. Show examples of these products. Other groups might have produced shelter based on geographic location and climate. A group might have produced an open-air tent because they determined that they lived in a climate that is warm year round. Show sample housing products.*)
11. Distribute [Activity 1.6](#) to each student. Allow students to work in pairs. Have pairs share their answers.

12. After students share answers, continue the discussion about trade by introducing and/or reinforcing **Voluntary Exchange, Interdependence, and Standard of Living**.

Ask students to look at the trading chart. Explain that **voluntary exchange** occurs when individuals or organizations voluntarily trade goods, services, and resources for other goods, services and resources or money. Ask students:

- a. if they voluntarily exchanged or traded goods. (*Yes. No one made them trade.*)
- b. why they engaged in voluntary exchange or voluntary trade? (*To be better off*)
- c. Add **voluntary exchange** to the concept map. Ask students how they would tell a friend what voluntary exchange means.

Tell students that **interdependence** occurs when individuals or countries depend on one another for goods, services, and resources. Add **interdependence** to the concept map. Ask students:

- a. How were countries interdependent in this activity? (*Countries depended on other countries to obtain the resources they needed to be able to satisfy all their want .*) Give some examples.
- b. How would people in your country be affected if your trading region were restricted? For example, what would happen if Country 1 could only trade with Country 2 (*People in the countries would not be able to satisfy all their wants.*)

Put **standard of living** on the concept map. Write standard of living on the board. Ask students:

- a. what they think standard of living means. (*The students will most likely talk about the number and kind of material things people have.*)
- b. What does the standard of living look like for you? (*Answers will vary and likely include such items as CDs, cars, TVs, clothes, video games, food, houses, DVDs, skateboards, computers.*)

Tell students that a simple definition of **standard of living** for a country is the total amount of goods and services a country produces for its citizens. Ask students:

- a. What happened to your ability to provide goods and services for people in your country when you traded? (*increased*)
- b. How did trade improve your country's standard of living? (*Improved because each country that traded was able to provide for its citizen's wants.*)
- c. How does trade affect a country's standard of living? (*Trade improves the country's standard of living. Through trade, there are more goods and services available for people in a country.*)

13. Return [Activity 1.1](#) (definitions) to students and provide time for them to revise their definitions by completing the *Post* section of [Activity 1.1](#).

Check for Understanding:

- Distribute [Activity 1.7](#).

Rubric

1 point for each correct response.

Sample responses:

- People in each school have something people in the other school want. If they trade, they expect to be better off. Madison will be able to play their home games on the safe field and Central will have an auditorium for its productions. Students at both schools are better off.
- Like people in these schools, people and organizations from different countries trade because they expect to be better off. For example, in the simulation in class, our country traded our excess resources with a country that had resources we needed and that wanted what we had to trade. People in both countries were better off.
- By trading the use of the school facilities, people in each school were depending on the other to provide something their students needed.

Lesson 2: Trading Connections

This lesson introduces vocabulary that is essential for understanding international trade. Students participate in a simulation to learn how trade benefits them as individuals and how trade benefits people in different regions and countries. Working in pairs, students learn about the major import and export partners for twelve countries. They identify exports and imports for each country. Using this information, students draw a generalization about how trade benefits consumers.

Essential Questions

- How does trade affect consumers?
- Why do people and organizations in countries import the same type of products that they export?

Instructional Strategies

Strategy 1: Gathering Information

Vocabulary Development

Materials:

- [Activity 2.1](#) – Vocabulary Illustrations – one per student
- [Activity 2.2](#) – Economic Vocabulary – one per student
- scissors
- glue sticks

Write the vocabulary, **import**, **export**, **specialization**, **exchange**, **foreign goods** and **domestic goods** on the board. Ask students if they know what any of these words mean. Divide students into pairs. Ask students to talk with their partner about the meaning of each word. Have pairs talk with the group about the word meanings. Using information from the students, create a class definition for each word.

- **Exchange**—exchange takes place when people trade goods and services for other goods and services or for money.
- **Import**—imports are foreign goods and services purchased from sellers in other countries.
- **Export**—Exports are domestic goods and services sold to buyers in other nations.
- **Specialization**—specialization occurs when people, regions, or nations produce a narrower range of goods and services than they consume. For example, a pediatrician produces medical care for children but consumes clothing, food, shelter, etc. produced by others.
- **Foreign goods**—foreign goods and services are those produce in a country outside one’s home country.
- **Domestic goods**—domestic goods and services are those produced in one’s home country.

Give each student a copy of [Activity 2.1](#), Vocabulary Illustrations, and [Activity 2.2](#), Economic Vocabulary plus a pair of scissors for every two students. Ask students to cut out

the illustrations and place them in the correct box. Students should also write the economic term in the appropriate box on [Activity 2.2](#) and write their own definitions. This can be done individually, in pairs or in small groups. Check student work. Distribute a glue stick to each pair of students and ask them to glue the pictures on [Activity 2.2](#).

Place the vocabulary on the word wall and add to the concept map. Ask students to add vocabulary to their concept map.

Check for Understanding

- Refer to the vocabulary words from [Activity 2.2](#).
- What do you predict the next lesson to be about? Explain your answer.

Rubric

2 – This response gives a valid prediction with an accurate and relevant explanation.

1 – This response gives a valid prediction with an inaccurate, irrelevant, or no explanation.

Strategy 2: Extending and Refining Simulation³

Materials:

- Scraps of paper or index cards – 3 per student
- Paper bags one per student, (Evenly number the bags 1 through 5)
- Small items for trade (stickers, pencils, candy, etc.) OR [Activity 2.3A](#) cards
- [Visual 2.3](#), Level of Happiness – for record keeping
- [Activity 2.3](#) –Level of Happiness– one per student
- [Activity 2.4](#) - Trading Game Questions – one per student
- [Activity 2.5](#) – Trading Connection – Check for Understanding – one per student

Explain that students will participate in **exchange** activity. Ask students to look at [Activity 2.2](#), Economic Vocabulary. Ask them what they think exchange means. Tell students that exchange means giving goods and services to get other goods and services or money. Ask students for a synonym for exchange. Explain that a synonym is a word having a meaning similar (**trade**). Tell students to add trade to their definition of exchange on [Activity 2.2](#), Economic Vocabulary.

Distribute a paper bag with a small item in it to each student. Tell students to look in the bag but not to tell anyone what is in it.⁴

Distribute a piece of scrap paper to each student. Tell students, using a scale of 1 to 5, to decide how satisfied or happy they are with the items in their bag. If they are very happy or satisfied, they should write “5.” If they aren’t happy at all, they should write “1.” A number between 1 and 5 indicates some relative level of happiness.

³ This lesson is adapted from Trading Connections, Lesson 6, Wide World of Trade (2003).

⁴ As an alternative to placing actual items in the bags, use cards from [Activity 2.3A](#).

Collect the pieces of scrap paper and add the numbers. Give students a copy of [Activity 2.3](#), Level of Happiness. Ask each student to write the number that reflects his/her level of happiness in the column under student for round 1 and write why they gave the item that number. Display [Visual 2.3](#), Level of Happiness. Total up all the numbers for the class and write the total level of happiness for the classroom under Class on [Visual 2.3](#), Round 1. Tell students to record the information on their sheets in the Column labeled Class.

Tell students that each bag has a number 1, 2, 3, 4, or 5 written on it. Tell students to form groups based on the number written on their bags. All students with the number 1 on their bags should be in one group and so on.

When students are in their groups, explain that they may now want to show one another what is in their bags and trade if they want. Trade is not required.

Allow a few minutes for each student to trade. Distribute a piece of scrap paper to each student. Tell them to rank their level of happiness, using the same scale as before.

Collect the pieces of scrap paper and add the numbers. Ask students to write the number that reflects their level of happiness for Round 2 in the column under student and write why they gave the item that number. Total up all the numbers for the class and write the total level of happiness for the classroom on [Visual 2.3](#) under Class for Round 2. Tell students to record the information on their sheets in the Column labeled Class.

Tell students that now they may trade with anyone in the classroom.

Allow time for students to trade. Distribute pieces of scrap paper to the students. Have them rate their level of happiness, using the same scale as before.

Collect the pieces of scrap paper and add the numbers. Ask students to write the number that reflects their level of happiness for Round 3 in the column under student and write why they gave the item that number. Total up all the numbers for the class and write the total level of happiness for the classroom on [Visual 2.3](#) under Class for Round 3. Tell students to record the information on their sheets in the Column labeled Class.

Ask students to write on [Activity 2.3](#), Level of Happiness, and answers the questions.

Distribute a copy of [Activity 2.4](#), Trading Game Questions, to each student. Ask students to answer the questions with a partner. Discuss answers with students (See [Answer Key](#)).

Check for Understanding

- Distribute [Activity 2.5](#) Trading Connections.

Rubric

1 point for each correct response.

- What is exchange? - *Exchange takes place when people trade goods and services for other goods and services or for money.*
- Why do people participate in voluntary exchange? - *They believe they will be better off.*
- Give examples of times you engaged in voluntary exchange. *Answers will vary*

- Why are you willing to exchange an item from your lunch bag for an item from someone else's lunch bag? *Because it is voluntary exchange and a sense of being better off.*

Strategy 3: Extending and Refining Categorizing

Materials:

- [Activity 2.5](#) – Foreign or Domestic – one per student AND one visual
- [Activity 1.2](#) (World Political Map) – one per student – AND one visual
- [Activity 2.6](#) – Foreign or Domestic Homework – one per student

Ask students to reflect on the beginning of lesson and look at the definitions of imports and exports from [Activity 2.2](#), Economic Vocabulary. Review the definitions. **Imports** are foreign goods and services purchased from sellers in other nations. **Exports** are domestic goods and services sold to buyers in other nations. It is helpful to use Total Physical Response (TPR). For exports show your hands pushing away and imports hands beckoning. Also review definitions for **domestic goods** and **foreign goods**. Domestic goods are produced in the United States and foreign goods are produced outside the United States. Using TPR make a small circle for domestic and enlarge the circle for foreign.

Tell students they are going to participate in an activity to determine if items they use every day are foreign goods or domestic goods. Distribute a copy of [Activity 2.5](#), Foreign or Domestic, to each student. Ask students to work with a partner and identify where items of clothing, shoes, and school materials are produced and to identify each as a foreign good or domestic good. Be sure that you have some items in the room that are made in the US such as textbooks and some electronics. Display [Activity 2.5](#), Foreign or Domestic. Model how to complete the chart using an item of clothing from a student.

Ask students to share items from their lists. Remind them to use Total Physical Response when they identify their items as domestic or foreign. Record responses on [Activity 2.2](#). Distribute a copy of [Activity 1.2](#), Political World Map, to each student. Working with their partner, students should identify on the map the country where each item was made.

Distribute a copy of [Activity 2.6](#), Foreign or Domestic Homework, to each student for homework with a copy of [Activity 1.2](#), Political World Map.

Working in small groups, have students share what items they found at home and discuss what was similar and what was different about their lists.

Display [Activity 2.6](#), Foreign or Domestic Homework, and ask students for items they found at home and identify them as domestic or foreign. Display [Activity 1.2](#), Political World Map, and identify the countries on the map.

Ask students:

- a. What is another term used to identify goods coming into the US from other countries. (*imports*)

- b. If domestically produced goods are sent to other countries what are they called? (*exports*)
- c. What was similar about your lists from home? What was different? (*answers will vary*)

Remind students of the trading activity they did with trading bags. Discuss:

- a. Why were you willing to trade in the classroom trading activity? (*To get something they wanted more, they expected to be better off after the trade*)
- b. Using information from the Foreign or Domestic Homework activity, why do you think people and businesses in other countries trade with people in the US? (*Similar to the class trading activity, people and organizations from different countries are willing to engage in voluntary exchange because they value the things that they import more than they value the things that they export. They expect to be better off because of the exchange.*)
- c. How does trade between people or businesses in the US with people or businesses in the other countries on our list affect you? (*More choices of goods and services available.*)

Point out that trade among people or organizations in different countries also give them a broader range of choices in buying goods and services. In other words, trade with other countries gives people a larger variety of goods and services to buy. For example, bananas and pineapples are available in the U.S. throughout the year because people in the United States engage in trade with people in Mexico and Costa Rica.

Check for Understanding

- Distribute [Activity 2.6 Foreign or Domestic](#).

Assessing understanding

Continue a Check for Understanding by using the Inside/Outside Circle Cooperative Learning Strategy. Ask students to stand in two concentric circles, with the inside circle facing out and the outside circle facing inward. Inside/outside partners discuss an answer to a question posed by the teacher. When signaled, the outside circle of students rotates clockwise to face a new partner and to discuss the same or a new question. Students may be asked to move one or more partners each time.

Ask the following questions using the Inside/Outside Circle. Review answers before rotating the circle for each question.

- a. Why are people and businesses in different countries willing to trade or voluntary exchange with people and businesses in other countries? (*People engage in voluntary exchange or trade because they value the things that they import more than they value the things that they export.*)
- b. How does trade with countries outside the US benefit you? (*More choices of things to trade*) Give an example from our Foreign/Domestic Activity Homework and class activity.
- c. How does trade among people or businesses in different countries benefit them? (*Broader range of goods and services*)

Strategy 4 - Extending and Refining (optional)

Reading Closely

Materials:

- [Reading 2.7](#) – For Baffled Buyers, Lexile 1130L⁵
- [Reading 2.8](#) – How much of your car, Lexile 1270L⁶

Strategy 5 –Application

Working in Pairs - Research and Evaluation

Materials:

- [Activity 2.9](#), Trading Partners and Patterns – One for each pair of students
- [Activity 1.2](#), World Political Map – One for each pair of students
- [Activity 2.10](#), Charting Trade – One for each pair of students
- [Activity 2.11](#), Charting Trade Questions – One for each student
- [Activity 2.12](#), Gallery Walk Graphic Organizer – One for each student
- [Activity 2.13](#), Trading Connection Question – One for each student
- [Activity 2.14](#), Check for Understanding – One for each student
- [Activity 2.9A](#), **Alternative**⁷ Trading Partners and Patterns – One for each pair of students

This activity requires students to investigate the exports and imports of different countries and how those countries are interdependent. If Internet access is not available, then the lesson can be implemented using [Activity 2.9A](#), Alternative Trading Partners and Patterns.

Divide the class into pairs. Give a card from [Activity 2.9](#), Trading Partners and Patterns and a copy of [Activity 1.2](#), Political World Map, to each pair.

Assign each pair one of the following countries: Kenya, China, United States, France, Mexico, Egypt, Australia, Democratic Republic of the Congo, Peru, Saudi Arabia, Czech Republic, Ukraine. Point out that each card requests information about the goods a country exports and imports, the import and export partner countries and the dollar value of the imports and exports. Ask the pairs to highlight the words they know and circle the ones they don't know in the column labeled country. Review the terms as a class.

⁵ This lexile level is appropriate for the Common Core State Standards 6-8 grade band.

⁶ This lexile level is appropriate for the Common Core State Standards 9-10 grade band.

⁷ If computer and internet access are not available, use alternative activity below.

Give each pair a card from [Activity 2.9A](#). Point out that each card gives information about the goods a country exports and imports, the import and export partner countries and the dollar value of the imports and exports. Ask the pairs to highlight the words they know and circle the ones they don't know in the column labeled country. Ask students to give the definition for the words in their own words. Review the terms as a class. Circulate the room to make sure students understand all the terms in the second column, labeled with country's name. For example, students may not know the term horticultural products. Let them substitute the term farm products. Tell students that the products listed are the major or largest exports and imports for each country.

Allow time for pairs to search the internet to locate the requested information for their assigned country. A good source is the [CIA World Factbook](#).

Distribute to each pair a copy of [Activity 2.10](#), Charting Trade. Instruct pairs to write the name of their country in the circle. Explain that one member of the pair is to read the information from the card to the other member who should record the information in the appropriate box on the chart. For example, one member of the pair will read the list of exports while the other records the goods and services in the box labeled "Exports" on [Activity 2.10](#), Charting Trade. Students may use a pictures or words. Tell students to list the names of countries in the "Trading Partners" box to whom their Country exports goods and services and from whom their country imports goods and services.

Using [Activity 1.2](#), Political World Map, students should identify their country on the map and then those countries that are export and import partners. Tell students to draw arrows from their country to each export country and arrows from each import country to their country.

Tell students to use information from [Activity 1.2](#), Political World Map, and [Activity 2.10](#), Charting Trade, to prepare a poster. They will be asked to share import and export information about their country with the rest of the class using the poster. Distribute a sheet of poster paper and markers to each pair of students. Allow time for them to work on their presentations.

Have pairs give their presentations. Give each student a copy of [Activity 2.11](#), Charting Trade Questions. Tell students that they should listen for information to answer the questions in the handout as pairs make their presentations.

Have students display their posters on the wall. Give each student a copy of [Activity 2.12](#), Gallery Walk Graphic Organizer. Conduct a gallery walk so students can add information to their answers for [Activity 2.11](#), Charting Trade Questions and complete [Activity 2.12](#).

When the presentations and gallery walk are complete, discuss the answers to [Activity 2.11](#) with students. ([See Answer Key](#).)

Explain that candy is a broad category of production. There are many different kinds of candy. **Specialization** occurs within the candy production. Ask students to look at [Activity 2.2](#), Economic Vocabulary, and ask students for a definition. Tell students that specialization of production occurs when an individuals or group produce a smaller range of goods and services than they consume. Point out that there are candy manufacturers who specialize in only the production of chocolate candy. People specialize in the production of one type of candy and trade for another type.

*In Graffiti, groups rotate papers at a given signal. Rotations continue until all groups see each sheet and each sheet returns to the home group.

Use Graffiti* and have groups rotate their copy of [Activity 2.10](#), Charting Trade, and [Activity 2.6](#), World Map, among the groups. Have students look at their import and export information about the twelve countries to find other examples of countries importing products similar to products they export. They can record this as the answer to question 6 on [Activity 2.11](#), Charting Trade Questions. Have pairs give examples. (*Kenya exports petroleum products and imports petroleum products- it may be that they export kerosene and import gasoline. Egypt exports chemicals and imports chemicals—it is likely that they export one type of chemical(s) and import others. Australia imports machinery and*

transport equipment, but exports machine and transport equipment, but probably it imports different machinery and transport equipment. Czech Republic exports the same list of products it imports—again, it is likely that they are importing different raw materials and fuels than they export and so on.)

Emphasize that people and organizations in different countries often import the same type of products they export because the product produced in one country differs in some way from the product produced in another country. This difference makes the products desirable in the other country. Remind students of car imports and exports. Japanese cars imported to the U.S. are in some ways different from U.S. cars. These differences make the cars desirable to those in the United States.

Check for Understanding #1

- Distribute a copy of [Activity 2.13](#), Trading Connection Questions to each student. Assign questions to each group. Have groups answer their assigned questions. Review answers as a group.

Sample Responses

1. What are imports? (*foreign goods and services purchased from sellers in other nations*)
2. Give examples of products the United States imports. (*shoes, clothing, cars, machinery*)
3. What are exports? (*domestic good and services sold to buyers in other nations*)
4. Give examples of products the United States exports. (*cars, machinery, computers, software, movies, agricultural products*)
5. Why do people in one country trade with people in other countries? (*There are more goods available. There's a larger variety of goods available.*)
6. Why do countries export products similar to products they import? (*Because specialization occurs within broader production categories, one country produces a product that in some ways differs from the product produced in another country.*)
7. From the countries studied, give an example of a product a country imports that is similar to a product that same country exports. (*U.S- airplanes, cars; Czech Republic- raw materials; Egypt- chemicals; Australia- machinery*)

Check for Understanding #2

- Distribute [Activity 2.14](#).

Rubric Question 1

2 – This response gives a valid reason (location) with an accurate and relevant explanation.

1 – This response gives a valid reason (location) with an inaccurate, irrelevant, or no explanation.

Rubric Question 2

2 – This response gives valid imports/exports with an accurate and relevant explanation.

1 – This response gives valid imports/exports with an inaccurate, irrelevant, or no explanation.

Lesson 3: Specialization⁸

This lesson is based on a specialization simulation where students look at how nations with different economic systems specialize and become interdependent through trade. The lesson begins with students identifying their own specialties. Students participate in different activities, learning not only about their individual strengths, but that of the group. Each group represents a different country.

From the [Social Studies Clarifications Document](#)⁹

Through international trade, countries specialize and become interdependent. Trade occurs for several reasons. Sometimes the resources needed to produce a product are more abundant in one country than another. Foreign producers might have a production advantage over domestic producers. Once international trade takes place, governments often enact policies to restrict or allow free trade. Either way, government policies will affect consumers and producers.

Specialization promotes increased production and efficiency. Because of the quantity and quality of resources a nation has, a foreign producer might be able to specialize in the production of a good and service at a lower cost than domestic producers. Consumers make the rational decision to purchase at the lower cost regardless of the product's origin. A consumer in one country and a producer in another participate in trade freely because each benefits. These trading partners develop interdependence. This trading arrangement allows each country to consume at higher levels which leads to an increase in standard of living. However, employees in the higher cost industries will experience unemployment and have to seek other jobs. If there is a disruption in the trading relationship due to a change in supply or demand, a country may lose access to goods and services for which they traded or markets for which they produced goods.

Specialization is a situation where a country produces a narrower range of goods and services than they consume.

Essential Question

- Why do individuals and businesses within a country specialize?

Instructional Strategies

Strategy 1: Gathering Information

Think-Pair-Share

Ask students to think of something that they do that many students look up to them for or ask for their help. (Example: Good artist, good at math, etc.) Have them share with a

⁸ This lesson is adapted from "Lesson 3: Why Nations Trade", [Geography: Focus on Economics](#), National Council on Economic Education, 1996, and "Lesson 8: Something's in the Way", [Wide World of Trade](#), National Council on Economic Education, 2003.

⁹ pp. 13-15

partner. Explain that this is considered a specialty. Further explain by sharing something that you are noted for and something colleagues will you to help them with. Explain that sometimes we trade services. Trading services makes us interdependent. Ask students to share their specialties.

Check for Understanding

- What specialty are you known for? How does your specialty help contribute to being interdependent?

Rubric

2 – This response gives a valid specialty with an accurate and relevant explanation of contribution.

1 – This response gives a valid specialty with an inaccurate, irrelevant, or no explanation of contribution.

Strategy 2: Extending and Refining Simulation

Materials:¹⁰

- 4 file folders or pocket folders, marked SERVICE, SALES, BUREAUCRATIC, COMPUTER
- 5-6 different objects for students to 'sell' (kitchen items and/or construction tools work well)
- Calculators (OPTIONAL)
- [Activity 3.1](#) – Simulation Record Sheet – One per student
- [Activity 3.2](#) - Bureaucratic and Computer Tests – one per student to be placed in folders
- [Activity 3.3](#) - Answer Keys – 1 copy to be glued in folders
- [Activity 3.4](#) - Country Summary Sheet- 4 copies
- [Activity 3.5](#) - Class Summary Sheet – make as a visual

This simulation requires preparation the day before the simulation. The day before identify four students that will serve as recorders. Explain that the simulation the next day will require students to try different skills to see which they should specialize. A recorder is needed to judge each attempt. Explain that because they will be helping to judge the

¹⁰ For this strategy you will need the following materials made/gathered the day before:

4 folders marked Service, Sales, Bureaucratic, and Computer.

Inside each folder separate and attach the directions and/or answer key for the student judges you have selected. (See [Activity 3.1 Simulation Record Sheet](#))

For the Bureaucratic and Computer Skills, make enough copies of the test for each student. Also attach the [Answer Key](#) to the inside of the folder for the student judge. (See [Addendum 3.2](#) Bureaucratic and Computer Tests, [3.3 Answer Keys](#) to be attached to the folders)

Sales – Have 5-6 items that students will try to sell to the student judge. If possible, find items that the students are not as familiar with as this will encourage creativity. Kitchen items are good items to use, such as a napkin ring or honey spoon.

students' efforts, they will receive the highest score possible for each skill. If possible, share the skills tests with these 4 students. These students will record each skill/test takers score on [3.1 Simulation Record Sheet](#).

The day of the simulation, arrange the classroom so that there are 4 groups of tables, desks or chairs. Divide student into four equal groups and have them sit at each of the areas you arranged. Assign one of the four students identified earlier to each one of the groups. Tell students that the groups in which they are sitting represent 4 different countries.

Tell students that for this simulation they will take tests to determine which skill they should specialize in and eventually this will determine what skill their 'country' should specialize in. The four skills are: Service, Sales, Bureaucratic, and Computer.

Explain that students will take a test for 5 minutes and then when the teacher announces that it is time to take a new skill test, they will move as a group clockwise to the next group. Explain that stationed at each group/country is a student that will be the judge or scorer for that skill.

Briefly explain the following skills tests:

Service – you will be asked why you should be trusted. For this skill you will need to convince the judge that you are very, very trustworthy.

Sales – you will be given an object and it is your job to convince the student judge to buy the object from you.

Bureaucratic – you will be given a test that will determine whether you would make a good legal bureaucrat. You will alphabetize some words, then you will answer some questions about a law.

Computer – you will be given a test to determine what you know about computer programming. There are 10 questions to answer.

Give students up to 10 minutes to try each skills test. Adjust the time as necessary. Once students have rotated through all 4 skill stations, they should return to their original group location.

Distribute [Activity 3.4](#) Country Summary Sheet, 1 sheet per country group. In their groups student should sum all the points earned for each of the skills. EACH STUDENT JUDGE SHOULD RECEIVE 10 FULL POINTS FOR THE SKILL THEY SCORED.

Teacher Tip: Giving each student judge the full 10 points guarantees that one group will have an advantage over the other groups.

Once all sums are calculated have students announce their scores. Record the scores on [Activity 3.5](#) - Class Summary Sheet.

Check for Understanding

- Based on the simulation, what is your specialty? Based on the simulation, why might you need to trade services?

Rubric

2 – This response gives a valid specialty with an accurate and relevant reason.

1 – This response gives a valid specialty with an inaccurate, irrelevant, or no reason.

Strategy 3: Extending and Refining Summarizing

Use [Activity 3.5](#) - Class Summary Sheet to record all countries scores. Have each group report out the total student scores for each skill, including total.

Record each groups score on [Activity 3.5](#) - Class Summary Sheet. Explain that the total score for each group/country represents that country's productivity.

- Ask: Which country should specialize in Service? (circle the number)
 Which country should specialize in Sales? (circle the number)
 Which country should specialize in Bureaucratic skills? (circle the number)
 Which country should specialize in Computer skills? (circle the number)

Multiple each circled score by 4 and write that number in the last column to the right. For example: Country A had the highest score for Service. If Country A were to specialize in Service then all their time would be spent providing Service and nothing else. Below is an example of a completed [Activity 3.5](#) - Class Summary Sheet.

	Country A	Country B	Country C	Country D	Best Country Score x4
Service	55	53	37	52	220
Sales	43	55	42	40	220
Bureaucratic	28	25	35	33	140
Computer	2	0	1	12	48
Total	98	133	115	137	

Have student analyze how much more productivity there would be with specialization. For the example:

$$98+133+115+137 = 438 \text{ Total World Productivity without Specialization}$$

$$220+220+140+48 = 628 \text{ Total World Productivity with Specialization}$$

There would be 170 more units of productivity with Specialization. Countries would then trade the services of specialization in order to obtain the services they do not have.

Check for Understanding

- How does a country specialize? Why would a country specialize?

Rubric

2 – This response gives a valid explanation (how) with an accurate and relevant reason (why).

1 – This response gives a valid explanation (how) with an inaccurate, irrelevant, or no reason (why).

Strategy 4: Extending and Refining Simulation¹¹

Materials:

- Country A Resource Bag
 - Large Supply of scrap 8 ½ X 11 paper
 - 3-4 rulers
 - 4-5 markers, any color
- Country B Resource Bag
 - Large Supply of scrap 8 ½ X 11 paper
 - 3-4 pairs of scissors
 - 4-5 pencils
- [Activity 3.6](#) – Venn Diagram, as a Visual
- [Activity 3.7](#) – Production Table, as a Visual AND one per student
- [Activity 3.8](#) – Production Questions, Round 1, one per student
- [Activity 3.9](#) – Production Questions, Round 2, one per student
- [Activity 3.6B](#) - Bat and Kite Directions (OPTIONAL, can use online directions)
- [Activity 3.10](#) – Import/Export Card, one copy for the teacher

Tell the class that students will represent businesses in two countries. These businesses will produce paper airplanes. Hold up an example of each type of paper airplane.

Divide the class into two groups. Give one group the resource bag for Country A and give the resource bag for Country B to the other group.

Tell each country to lay out the various resources in its bag. Have “citizens” of the country examine the resources.

Display [Activity 3.6](#) - Venn Diagram. Tell students that both countries have a resource in common. Ask Country A for some resources that they have. (**sheets of plain paper, scissors, pencils**). Ask Country B if they have any of the same materials. (**sheets of plain**

¹¹ Teacher Note: Prior to teaching Strategy 4 have four to six students practice making samples of the two paper airplanes. Video instructions for making the bat airplane can be found [here](#) and the kite paper airplane [here](#). The kite airplane needs to have a star on each wing, made with magic marker, at least 1” from the bottom of the wing. The students will be used to demonstrate to small groups of students how to make each product. They will also serve as Quality Control Experts.

paper) Write sheets of plain paper in the overlapping circles. Then ask Country A for resources they have that Country B doesn't. (pencils, scissors,) Write these in Country A's circle. Ask Country B for materials they have that Country A does not. (markers, rulers) Record markers and rulers in Country B's circle.

Ask students:

- What product should Country A make? (bat paper airplanes) Why? (Country A has the scissors)
- What product should Country B make? (kite paper airplanes) Why? (Country B has the magic marker and rulers to make the design on the planes.)

Explain that **specialization** occurs when people concentrate their production on fewer kinds of goods and services or even one kind of good or service than they consume. Tell students that you specialize. Ask them what your specialization is (teaching). Ask for other examples of specialization.

Point out that in the classroom activity each country is specializing in the production of one product. How are Country A and Country B specializing? (Country A's area of specialization is bat paper airplanes and Country B's area of specialization is kite paper airplanes.)

Give each country two sample products, one that is made to specification and one that is poorly made. Ask students which product is better made and why? Ask students for the characteristics of a well-made paper airplane and list responses on the board. (Made according to production specifications, smooth edges, neat creases, colorful star on kite plane, neat cutting on bat airplane) Remind students that they must produce products of high quality. Ones that are not well made will not be accepted.

Allow times for countries to organize their production. Have students who practiced before class demonstrate how to make either the kite or bat airplane and have students make a practice airplane.

Tell countries they have **five minutes** to produce as many products as possible. Remind students that they must produce products of good quality.

After five minutes, stop production. Have the quality control inspectors check the airplanes produced and discard any that are poorly made. Tell students to count the number of airplanes produced that were accepted.

Distribute copies of [Activity 3.7](#) - Production Table. Display [Activity 3.7](#) - Production Table. Record the number of products each country produced.

Review: Ask why each country specialized in the production of one type of airplane (because of available resources). Distribute a copy of [Activity 3.8](#) - Production Questions, Round 1. Divide students into pairs. Have pairs discuss the answer to the questions and then discuss as a group.

1. What do you think might happen to the quality of each country's products if it produced for another round? (It would improve.) Why? (Workers improve their skills the more they practice, group may reorganize the process or change who does what.)

2. What do you think might happen to the number of products that are produced if each country produced for another round? (*increases*) Why? (*Workers may reorganize the production process. Some workers might switch jobs because of their skills. With practice, workers are usually able to produce more in the same amount of time.*)
3. What might each country do if it wanted both bat and kite airplanes? (*trade, produce some of both*)

Ask each country to count out the number of airplanes they produced into **four equal piles**. Tell Country A to trade one quarter of their airplanes (one pile) with Country B and Country B to trade one quarter of their airplanes with Country A. Ask each country how many of each type of airplane they will have after trade and record on [Activity 3.7](#), Production Table. Ask students to record the information on their copy of [Activity 3.7](#), Production Table.

Inform students that they will participate in one more production round. However, this time, a **trade barrier** prohibits the countries from trading. Tell students that trade barriers are government policies that restrict or stop the flow of goods and services among countries. Because of the trade barrier, each country must produce both goods. Ask students:

- a. What do you predict will happen to the number of bat airplanes produced? Number of kite airplanes produced? Why?
- b. What do you predict will happen to the quality of airplanes produced?

In Round 2 tell Country A they will have to estimate where to draw the star on each kite airplane and will have to use a pencil. Tell Country B they will have to tear the wing on the bat airplane because they don't have any scissors. Allow students time to organize production. Allow quality control inspectors to demonstrate how to make the airplane their assigned country did not make in Round 1. Allow students to make one practice airplane. Remind them they must produce some of each good and goods should be of high quality.

Tell students they have **five minutes to produce both goods**. When the time is up, stop production. Tell students to count up the number of each good produced. Record the numbers on [Activity 3.7](#) - Production Table. Ask students to record the information on [Activity 3.7](#) - Production Table.

Distribute a copy of [Activity 3.9](#) - Production Questions, Round 2 to each student. Divide students into pairs. Ask pairs to discuss the answers to the questions and be prepared to share with the group. As a class, discuss the following.

- c. What happened to worldwide production of bat airplanes? (*decreased*) Kite airplanes? (*decreased*) Why? (*Each country had to shift resources into the production of another good in order to produce some of both goods.*)
- d. What was the quality of kite airplanes produced in Country A and bat airplanes produced in Country B? (*These should be of poorer quality because each country had to produce the second type of airplane without the resources needed. Country A had no rules or magic markers. Country B had no scissors.*)

- e. Why couldn't countries produce the second good so it would be exactly like the one imported? (*lack of resources, possible lack of skills on part of the worker in folding or drawing, poor technology resources for cutting wing of bat planes*)
- f. In the first round, there was free trade. How did individuals in both countries benefit from free trade? (*When each specialized and traded for the airplanes they didn't produce, more goods of better quality were available for consumers in both countries.*)
- g. How did restricting trade (imposing a trade barrier) affect production of goods in each country and worldwide output? (*Each country produced fewer of the products in which it originally specialized. Each country produced some of the product for which it traded in round one. World production of both products decreased.*)
- h. What do you think might happen to the price of goods when trade is restricted? (*increase*) Why? (*There are fewer goods available than before and a lack of competition*)

Ask students what a country might consider when determining what goods and services people in that country should produce?

Write on the board the following:

**Country's Product Specialization =
resources available + skills of workers + technology**

Tell students that technology means how people organize themselves to do work. Explain that individuals and businesses within countries tend to specialize in the production of specific goods and services based on the resources available, skills of the workers, and technology. These products are sold within the country and some amount may be exported to other countries.

Hold up [Activity 3.10](#) - Import/Export Card folded in half so the word export is displayed. Ask students:

- a. What are exports? (*Exports are goods and services produced in one country and sold to buyers in other nations.*)
 - b. In the first production round, which good did Country A export? (*bat airplanes*) Country B? (*kite airplanes*)
 - c. What is a good that the United States exports? (*recall from Lesson 2*)
4. Ask students if a country lacks resources to produce a particular product to meet the demand for that product within the country, where can they obtain the product? (*from another country*)

Hold up [Activity 3.10](#) folded so the word import is displayed. Ask students:

- a. What are imports? (*Imports are foreign goods and services purchased from sellers in other nations.*)

- b. In the first production round, which good did Country A import? (*kite airplanes*) Country B? (*bat airplanes*)
- c. What happened to the quality of airplanes when countries specialized and traded? (*better quality with specialization and trade*) Why? (*Countries produced only products for which they had the resources to produce the airplanes and workers with skills.*)

Strategy 4 – Application Summarizing Trade and Standard of Living

Materials:

- [Activity 3.11](#) – Vocabulary, as a Visual
- [Activity 3.12](#) – Debriefing

Ask students:

- a. What does **Standard of living** mean? (*Students will most likely talk about the number and kind of material things people have.*)
- b. What does standard of living look like for you? (*Answers will vary and likely include such items as CDs, cell phones, TVs, clothes, food, houses/apartments, DVDs, skateboards, computers.*)

Display [Activity 3.11](#) - Vocabulary. Reveal definition for Standard of Living. Read the definition to the class. (Standard of living is the amount of goods and services available per person in an economy.)

Reveal the definition for gross domestic product (GDP) on [Activity 3.11](#) - Vocabulary, and read to the class. (The total dollar amount of all final goods and services produced in a country in a year.) Ask students to put the definition in their own words

Refer to the table on [Activity 3.11](#) - Vocabulary

	Country A	Country B
GDP	\$1000	\$2000
Population		

Ask which country in the table has a higher standard of living and why. (*The students will most likely say Country B because B has a larger dollar amount of GDP.*)

Add additional information. For the population of Country A, write 50 and for Country B write 200. Display and read the definition of gross domestic product per capita on [Activity 3.11](#) - Vocabulary. Ask students to put the definition in their own words.

Tell students that standard of living is the amount of goods and services available per person in an economy. The standard of living is measured by per capita GDP. Ask which country has a higher standard of living. (Country A). What does this mean for the people

living in Country A? (People in Country A have more material goods and services than those in Country B).

Ask how free trade among individuals and organizations in many countries would affect worldwide material standards of living. (*The standards of living would increase. Individual countries would have more goods and services for their people.*) Refer students back to the simulation. Ask if this happened in the class simulation in terms of the number of bat and kite airplanes available for citizens in both countries when each country specialized. Ask students why this occurred.

Tell students that even though free trade increases worldwide material standards of living, governments sometimes choose to impose trade barriers.

Check for Understanding

- Assign [Activity 3.12](#) – Debriefing Homework

Rubric

One point for each correct answer.

- a. How do individuals and businesses in countries decide which products to produce when they specialize? (*They specialize in what they are best at producing based on their available resources, technology, and the skill and knowledge of their workers.*)
- b. How does specialization and trade affect worldwide material standards of living? (*Standards of living will increase.*) Explain. (*When individuals or organization in a country specialize and produce goods for which they have the resources, skills and knowledge, they tend to produce more goods of better quality than if they choose not to specialize. Then they are able to trade for products they didn't produce.*)
- c. What are exports? (*Domestic goods and services sold to buyers in other countries.*) What are imports? (*Foreign goods and services purchased from sellers in other nations.*) Give an example of each.
- d. How do trade barriers affect worldwide material standards of living? (*They cause standards of living to decrease.*) How? (*There are fewer goods available for everyone. There's less competition, so consumers pay higher prices. Some goods and services are of poorer quality.*)

Lesson 4: Trade Barriers¹²

In this final lesson of the unit, students will explore the impact of various barriers to trade and determine who gains and who loses when trade barriers are imposed. Students will learn the names and descriptions of several different types of government policies that impact trade. Students will identify and describe commonly used trade barriers. Students will explain why trade barriers are imposed. Students will predict the impact of trade barriers on price. Students will analyze which groups (consumer and producer groups) gain and which groups lose from the imposition of a tariff.

From the [Social Studies Clarifications Document](#)

Government policies often restrict trade. Several types of trade restrictions are commonly used: tariffs, quotas, embargoes, subsidies, and product regulations.

- **Quotas** – Limits that are set on the quantity of a good that a country may import. Quotas reduce the quantity supplied of the import and cause price increases. The 1980s saw countries placing voluntary quota requirements on their exports. Such is the case of Japanese automobiles. The effect of Japan placing the quota on the good is the same as if the U.S. placed the quota—decreased supply and higher-prices. The difference is that Japan will benefit from the higher price received and still be able to sell all of its goods.
- **Tariff** – A tax that is added to an imported good or service. Tariffs reduce competition by increasing the cost of a good and increasing price. Higher prices lead to an increase in profits for domestic producers in protected industries. Protective tariffs do not face opposition very often because of the way the increased cost is spread among many consumers and because the benefit is more direct to the protected producers.
- **Subsidies** – Financial consideration to producers for the manufacturing, production, or exporting of goods. Subsidies can take many forms, such as direct cash payments, credits against taxes, or loans at terms that do not reflect market conditions. Subsidies will distort the market for the good being subsidized by lowering price, misallocating resources, and reducing competition. U.S. industries that feel their share of the market has been harmed by subsidies may request countermeasures that increase and return the price of the import to market levels encountered prior to the subsidy.
- **Embargoes** – An embargo is an executive order that forbids a country to trade with another country. Embargoes are often placed by Presidential or Executive Order. Penalties for violating the embargoes are high. Embargoes can also be placed against a certain good or industry such as rough diamonds, narcotics, or weapons. Cuba is a country where the U.S. has a longstanding embargo.
- **Product regulations or standards** – Laws that define production, manufacturing, transportation, or packaging of goods. In most cases, imported goods must meet the regulations and requirements of domestic goods. For example, food that is imported to the U.S. must pass quality and grade standards set by the U.S. Department of Agriculture. Food packaging requirements include: name of the product, net quantity, manufacturer information, statement of ingredients, and nutritional information. Other restrictions are set to protect human, animal, and plant health as well as the safety and

¹² This lesson is adapted from “Lesson 17 Don’t Fence Me Out (Barriers to Trade)”, [Focus: Middle School Economics](#), National Council on Economics, 1998. An interactive online version that supplements this lesson can be accessed [here \(teacher version\)](#) and [here \(student version\)](#).

pocketbooks of citizens. Other examples would be seatbelt requirements or Underwriter Laboratories, Inc. (UL) certification of safety.

Essential Questions

- How do government policies impact consumers and producers?
- Why and when might government make rules for trade?

Instructional Strategies

Strategy 1: Gathering Information

Prediction – Probable Passages

Materials:

- [Activity 4.1](#) - Word Sort, cut apart, one set per pair of students
- [Activity 4.2](#) - Probable Passages, one per student

Divide students into pairs. Give each pair a set of vocabulary words and definitions cards from [Activity 4.1](#). Tell the students to match the word with its definition. Have students share what they think the definitions are. Review the correct definitions.

Check for Understanding

- Distribute copies of [Activity 4.2](#) - Probable Passages, to each student. Tell students to write what they think the lesson is about in the Pre-section of the handout. Collect or have students keep in their notebooks. Students will use these again at the end of the lesson. As vocabulary is used throughout the lesson, add it to the unit concept map.

Strategy 2: Extending and Refining

Think – Pair – Share

Materials:

- [Activity 4.3](#) - School Barriers, one per student AND as Visual

Distribute a copy of [Activity 4.3](#) - School Barriers. Read the Scenario to the class.

Scenario: The school allows clubs to sell baked goods at school events. The school cafeteria also sells baked goods at these events. Most clubs sell baked goods from home. The homemade baked goods sell better than those sold by the cafeteria.

Read each of the following situations below to the class and allow time for pairs of students to answer the questions. Discuss answers as a group and then move to the next problem.

a. The principal announces there will be a tax on all baked goods brought from home to sell at school events.

- 1) What is the restriction to selling homemade baked goods? (tax)
- 2) How will this affect consumers buying homemade baked goods? (less available, less choice, increase in price)
- 3) How will this affect sale of homemade baked goods? (decrease)

b. The principal makes a rule that only $\frac{1}{4}$ of baked goods sold can be brought from outside the school.

- 1) What is the restriction to selling homemade baked goods ? (rule that restricts amount brought to school)
- 2) How will this affect consumers who normally buy homemade baked goods? (less available, less choice, increase in price)

c. The principal decides to give money to the cafeteria to help pay for costs of making baked goods. These treats can now be sold at a lower price.

- 1) How is the principal helping the sale of cafeteria baked goods? (Gives additional money so cafeteria baked goods can be sold at lower price)
- 2) How will this affect the sale of homemade baked goods? (Cafeteria baked goods will be sold at a lower price. More students will buy cafeteria baked goods)

d. The principal announces that all baked goods that are sold in school must have State Board of Health approval. Baked goods made in the cafeteria have this approval.

- 1) How is the principal helping the sale of cafeteria baked goods? (Food made in the cafeteria has Board of Health approval. Homemade baked goods do not have this approval.)
- 2) How will this affect consumers of homemade baked goods? (None will be available.)
- 3) How could this affect the price of cafeteria homemade baked goods? (Because these are the only baked goods available, price would go up.)

e. The principal announces that no homemade baked goods may be sold at school events. All baked goods that are sold must be bought from the school cafeteria.

- 1) What is the restriction that prohibits no selling of homemade baked goods? (Prohibition of homemade treats)
- 2) How will this affect consumers who normally buy homemade baked goods? (no homemade baked goods available, fewer choices)

Check for Understanding

- The restrictions that the principal placed on homemade baked goods acted as barriers.
- How do these school policies affect the school clubs, the cafeteria, and the consumers?

Rubric

- 3 – This response gives a valid effect for all three groups.
- 2 – This response gives valid effects for two groups.
- 1 – This response gives valid effects for one group.

Strategy 3: Extending and Refining

Think – Pair – Share

Materials:

- Scissors
- [Activity 4.4](#) – Trade Barriers – one per student AND as a visual
- [Activity 4.5](#) – Trade Barrier Identification , one per student
- [Activity 4.6](#) - Cost Benefit Analysis AND as a visual
- [Activity 4.7](#) – Check for Understanding – OPTIONAL, use for Reteaching

Remind students that **trade barriers** are restrictions. Trade barriers are government policies that restrict or stop the flow of goods and services among countries. Display [Activity 4.4](#) - Trade Barriers. Distribute a copy of [Activity 4.4](#) - Trade Barriers, to each student. Review the types of government-imposed trade barriers by reading the information on [Activity 4.4](#) – Trade Barriers.

Divide students into pairs. Give a copy of [Activity 4.5](#) - Trade Barrier Identification, and scissors to each pair. Ask students to cut out vocabulary words and the examples. Tell pairs to read the examples of trade barriers and match it with the correct type trade barrier.

Review student answers (*1- standards, 2- tariff, 3- quota, 4- standards, 5- subsidy, 6- tariff, 7- embargo, 8- quota*)

Elaborate on each trade restriction by referring to the Clarifications Document excerpt in the lesson description above.

Ask students what type of barrier was imposed in the final round of the airplane simulation? (*embargo*)

Return to the school examples of barriers. Ask students what each type of barrier was used in the examples. (*a. tariff, b. quota, c. subsidy, d. standard, e. embargo*)

Divide students into small groups. Have team members count off (e.g.1, 2, 3). Distribute a copy of [Activity 4.6](#) - Cost Benefit Analysis, to each student. You may want to review the definition of domestic before beginning the activity. Display [Activity 4.6](#) - Cost Benefit Analysis. Complete the chart for tariffs as a class. Record the answers [Activity 4.6](#) - Cost Benefit Analysis.

Tell groups that as each type of trade barrier is announced, the group members write the definition and think about how this barrier will impact domestic consumers, domestic producers, and domestic workers. Teammates should consult to make sure each member knows the answers. Then a student from each group (e.g. all number "2's") will be called

upon to answer the questions for that trade barrier. Record answers on [Activity 4.6 - Cost Benefit Analysis](#), as students complete their charts. For answers, see [Activity 4.6 - Cost Benefit Analysis Answer Key](#).

Ask students how trade barriers affect worldwide standard of living? (*They cause standards of living to decrease.*) How? (*There are fewer goods available for everyone. There's less competition, so consumers pay higher prices. Some goods and services are of poorer quality.*)

Ask students to select a trade barrier and make a "Poof Book." Ask students to make a poof book of trade barriers. For each barrier they can draw a picture of the barrier or give a definition and then list who gains and who loses and what is gained and what is lost.

Online directions for Poof Books can be found at:
http://www.ehow.com/how_6246292_mini-book-directions.html

Check for Understanding #1

- What policies do governments use to allow free or to restrict trade? Explain how the policy works.

Rubric

2 – This response gives a valid policy with an accurate and relevant explanation.

1 – This response gives a valid policy with an inaccurate, irrelevant, or no explanation.

Check for Understanding #2

- Return students' copies of [Activity 4.2](#), Probable Passages. Ask students to complete the Post section.

Rubric - One point for each barrier that is explained well in the passage.

OPTIONAL – Reteaching

Distribute a copy of [Activity, 4.7](#) - Check for Understanding to each student. Assign each group one trade barrier and have them complete the chart for the assigned barrier. Review student answers.

Trade Barriers	Domestic Consumer	Domestic Worker	Domestic Producer
Tariff	-	+	+
Quota	-	+	+
Embargo	-	+	+
Standards	-	+	+
Subsidy	-	+	+

Strategy 3: Extending and Refining Role Play

Materials:

- [Activity 4.8](#) – Tariff Simulation, one for each student
- [Activity 4.9](#) – Tariff Simulation Debrief, one for each student
- [Activity 4.10](#) – Role Cards – one each printed on card stock

This strategy calls for students to role play different groups of producers and consumers while deciding how an imposed tariff would affect that group.

Divide students into six groups. Distribute [Activity 4.8](#) - Tariff Simulation to each student. This will become a sheet for recording during the simulation.

Read and explain the situation to students:

The U.S. Government has placed a 30% tariff on imported cell phones.

Distribute cards
Role Cards)

students. (When printed these cards can be folded to make tent cards)

one of six role
([Activity 4.10](#) –
to each group of

There are 6 different roles:

- Domestic Workers – Workers at Electrola, Inc.
- Domestic Producer – Cell One, Inc.
- Domestic (Complement) Accessories Producer – Excellories Producers, Inc.
- Foreign Producer – Finia Corporation
- Stockholders – Shareholders of Electrola, Inc.
- Domestic Consumers – Teenage Consumers of the U.S.

Explain that each group will be assigned a group that has an interest in this new tariff. Each group will report out to the class about how they “feel” about this new tariff. Each group should select one person as the spokesperson for the group. As groups report out have students record the key ideas into [Activity 4.8](#) - Trade Simulation worksheet.

Allow 5-10 minutes for groups to discuss the impact of the tariff upon the group they represent. When a group is ready to share, ask them to stand their tent card on its end. When all 6 cards have been placed, showing they are done, guide students through the [Activity 4.3](#) Trade Simulation. ([See Activity 4.8 - Trade Simulation Answer Key](#))

Check for Understanding

- How do trade policies affect consumers and producers? Explain your answer.

Rubric

2 – This response gives a valid effect with an accurate and relevant explanation.

1 – This response gives a valid effect with an inaccurate, irrelevant, or no explanation.

Strategy 3: Application

Debrief - Independent or paired activity

Distribute [Activity 4.9](#) - Tariff Simulation Debriefing to each student. This strategy can be assigned for in-class completion or for homework. Review answers with students. ([See Activity 4.9- Tariff Simulation Debriefing Answer Key](#)).

Check for Understanding

- How are consumer and producer groups affected when a government policy that deals with trade is imposed? Explain your answer with an example.

Rubric

2 – This response gives a valid effect with an accurate and relevant example.

1 – This response gives a valid effect with an inaccurate, irrelevant, or no example.

Transfer Task

How do government trade policies impact foreign and domestic consumers, producers and resource owners?

Prior Knowledge	Now that you have learned about why countries trade and the costs and benefits of trade policies, you will use this information to make a presentation about the impact of a trade policy.
Problem	Congress will be voting on a bill that proposes implementing a trade policy on imported clothing. They need information on why countries trade and the impact of a trade policy on clothing.
Role	<p>You work for a United States Senator who has asked you to study this issue and make a presentation on why countries trade and how a trade policy on clothing could affect different groups.</p> <p>Select one of the following trade policies as the focus of your presentation.</p> <p style="text-align: center;">Tariff, Quota, Embargo, Product Standard or Subsidy</p> <p>In your presentation explain the impact the trade policy you selected will have on three of the following groups:</p> <ul style="list-style-type: none"> • consumers of clothing • producer of clothing in the US • owner of shipping company, employees of clothing manufacturers in the US • foreign producers of clothing • employees of clothing stores • employees of foreign clothing manufacturers
Product/Performance	<p>Your presentation can take a variety of formats. Some possible formats are listed below. If you have another idea, check with your teacher.</p> <p>PowerPoint, Poster, News article, Comic strip or another graphic illustration or Written report</p> <p>You may use Task Organizer to help you organize your information.</p>
Criteria for Exemplary Response	<p>Be sure to include the following in your report to the senator:</p> <ul style="list-style-type: none"> • a cost-benefit analysis which includes who gains and what they gain and who loses and what they lose • your recommendation how the senator should vote on the bill and why.

Transfer Task Rubric

Criteria – Informative	Exemplary (Exceeds Standard) 3 Points	Accomplished (Meets Standard) 2 Points	Developing (Below Standard) 1 Point
Economic Key Words Type of Trade Policy Costs and Benefits Interdependence Specialization Government Policies	Effectively identifies content-appropriate information to support understanding with usage of essential economic terms	Somewhat effectively identifies content-appropriate vocabulary information to support understanding of economic terms	Content-appropriate economic vocabulary is not effectively used in the response
Explanation of the impact chosen trade policy has on three of the groups <i>(consumers of clothing, producer of clothing in the USA, owner of shipping company and employees of clothing manufacturers in the USA, foreign producers of clothing, employees of clothing stores, and employees of foreign clothing manufacturers)</i>	Explanation displays a well developed comprehension of how the trade policy affects at least three of the groups	Explanation displays a partially developed comprehension of how the trade policy affects at least three of the groups	Explanation displays a minimally developed comprehension of how the trade policy affects at least three of the groups
Reason(s) why countries trade	Effectively identifies and fully explains a variety of reasons why countries trade	Somewhat effectively identifies and explains reasons why countries trade	Does not effectively identify or explain why countries trade
Recommendation for the senator	Recommendation made with a well developed explanation of reasons why	Recommendation made with a partially developed explanation of reasons why	Recommendation made with a minimally developed explanation of reasons why

10 to 12 points = Above the standard

7 to 9 points = Meets the standard

4 to 6 points = Below the standard

Task Organizer

Name _____

IMPORTED CLOTHING

Chosen Trade Barrier

Definition of chosen trade barrier

Chosen 3 Group Names	+ Positive	- Negative

Questions to consider

- Why do countries trade? (Remember there is more than one reason why. Your answer should be fully explained).
- Who gains and who loses and what is gained and lost if the trade barrier you have selected is imposed on imported clothing?
- What is the impact of the trade barrier you have chosen on standard of living in the United States?

Activity 1.1 – Economic Terms and Concepts Name _____

Read the categories below. Read the economic terms below. Put an X in the column regarding your knowledge of the word.

WORD	I KNOW IT WELL	I KNOW SOMETHING ABOUT IT	I HAVE SEEN OR HEARD THE WORD BEFORE	I DO NOT KNOW THE WORD
trade				
productive resources or resources				
voluntary exchange				
standard of living				
interdependence				
scarcity				

PRE—Write what you think the word means and explain why you selected that meaning for the word.

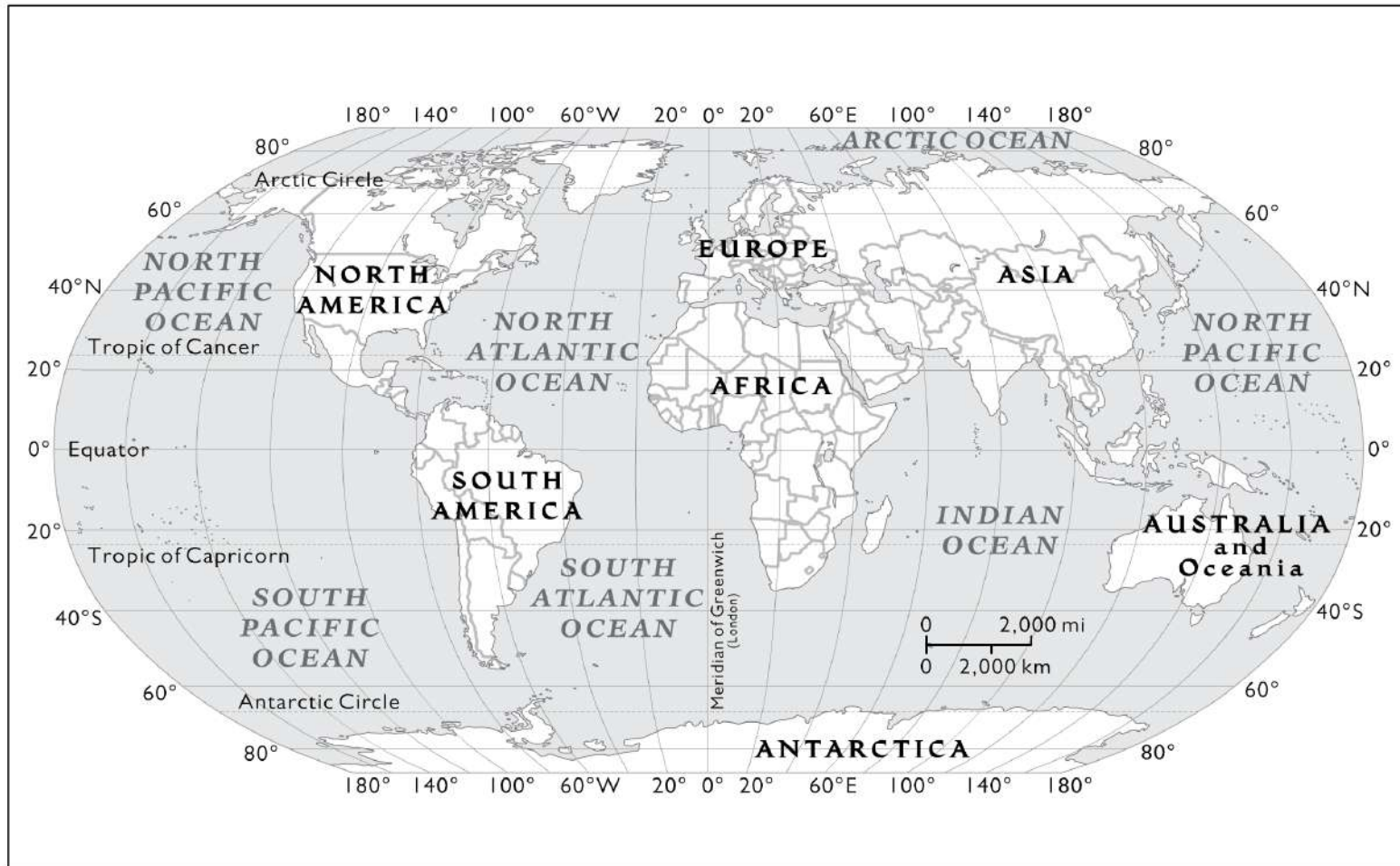
trade	
productive resources or resources	
voluntary exchange	
standard of living	
interdependence	
scarcity	

Activity 1.1 (continued)

POST- Write what you think the word means and explain why you selected that meaning for the word.

trade	
productive resources or resources	
voluntary exchange	
standard of living	
interdependence	
Scarcity	

Activity 1.2 (Political World Map)



Activity 1.3

For Lesson 1, Strategy 3 you will need the following materials for EACH class:

- seven manila envelopes
- seven markers, each a different color
- 10 paper clips
- 30 toothpicks
- two rulers
- two glue sticks
- four pencils
- four pairs of scissors
- 29 sheets of paper (8 ½" x 11" or 9" x 12") in the following colors – 6 green, 5 red, 4 yellow, 7 white, 3 purple, 4 blue
- Small bell (optional)

Teacher Tip:

Use the list on the left to gather the materials for the simulation.

Label the manila envelopes 1 through 7 with LARGE numbers and glue a copy of the list onto the envelope. Save the manila envelopes for future implementation.

Separate the materials into the manila envelopes as follows:

<p>Country 1</p> <ul style="list-style-type: none"> ▪ 1 sheet of green ▪ 3 sheets of yellow 	<p>Country 2</p> <ul style="list-style-type: none"> ▪ 2 pairs of scissors ▪ 1 glue stick ▪ 2 pencils ▪ 1 ruler ▪ 1 sheet of red 	<p>Country 3</p> <ul style="list-style-type: none"> ▪ 1 pair of scissors ▪ 1 glue stick ▪ 2 sheets of green ▪ 2 sheets of white ▪ 2 sheets of red 	<p>Country 4</p> <ul style="list-style-type: none"> ▪ 1 ruler ▪ 2 pencils ▪ 2 sheets of purple ▪ 2 sheets of blue ▪ 2 sheets of white
<p>Country 5</p> <ul style="list-style-type: none"> ▪ 1 pair of scissors ▪ 30 toothpicks ▪ 2 sheets of white ▪ 2 sheets of red ▪ 2 sheets of blue 	<p>Country 6</p> <ul style="list-style-type: none"> ▪ 2 sheets of blue ▪ 2 sheets of green ▪ 10 paper clips 	<p>Country 7</p> <ul style="list-style-type: none"> ▪ 1 sheet of green ▪ 1 sheet of yellow ▪ 1 sheet of white ▪ 1 sheet of red ▪ 1 sheet of purple 	

Activity 1.4
Production Instructions

Directions: You must produce food, clothing, shelter, businesses, and education in order to satisfy the wants of the people in your country. All production must follow the specifications below.

FOOD: Produce patterns in the shape of three different kinds of food using three different colors, each color representing the actual color of the food.

CLOTHING: Produce a pattern for a piece of clothing you might wear.

SHELTER: Produce a three-dimensional shelter, no smaller than 2" x 2" x 2 inches.

BUSINESSES: Produce a four-link paper chain; each link must be a different color.

EDUCATION: Produce a four-page book. One page must be purple and one page must be red.

Think about the productive resources you have available in your country. Productive resources are the things used to make a good or provide a service. Your objective is to provide the highest possible standard of living for the citizens of your country. You need a trading strategy in order to satisfy the wants of the citizens in your country: food, clothing, shelter, businesses, and education. Think about it and then fill in the Strategies for Trading Table with your strategies for raising the standard of living in your country.

	How to Satisfy Wants	Resources Needed	Strategy for Trading
Food			
Clothing			
Shelter			
Businesses			
Education			

Activity 1.5, Trading Chart

Trading Chart for County # _____

What Was Given Up	Number of Country with which you Traded	What Was Gained

Use the back of this sheet if necessary for additional trades.

Activity 1.6 – Debrief

Name _____

- a. Were you required to trade? Why did people in each country make multiple exchanges or trades?

- b. How many trades did you make to satisfy your wants? How many countries did you trade with?

- c. Why did some countries make more trades than others?

- d. How many countries traded with country 4 or 7? Why?

e. What might happen to your country's ability to provide education if these two countries refused to trade with your country?

f. How did trade benefit people in your country?

g. How did trade among people in different countries in the simulation create interdependence?

h. How would the people in your country be affected if your trading region were restricted to include only the country closest to yours (the group closest to you)?

- a. Were you required to trade? Why did people in each country make multiple exchanges or trades?

They did not have enough to satisfy their wants.

- b. How many trades did you make to satisfy your wants? How many countries did you trade with?

Numbers will vary. NOTE: It is possible for Country 7, to create all the products without the use of tools/capital goods. Country 7 has both red and purple paper.

- c. Why did some countries make more trades than others?

They had more of one resource than they needed, but had fewer of the other resources.

- d. How many countries traded with country 4 or 7? Why?

All. They were the only countries that had purple paper, which was needed to provide education.

- e. What might happen to your country's ability to provide education if these two countries refused to trade with your country?

Quality might decline; less education would be available.

- f. How did trade benefit people in your country?

Trading with other countries allowed each country involved to obtain enough resources to provide food, clothing, shelter, businesses, and education.

- g. How did trade among people in different countries in the simulation create interdependence?

Countries depended upon other countries to obtain the resources they needed to be able to satisfy all their wants.

- h. How would the people in your country be affected if your trading region were restricted to include only the country closest to yours (the group closest to you)?

Some people in countries would not be able to satisfy all their wants.

Directions: Read the scenario below and answer the questions that follow.

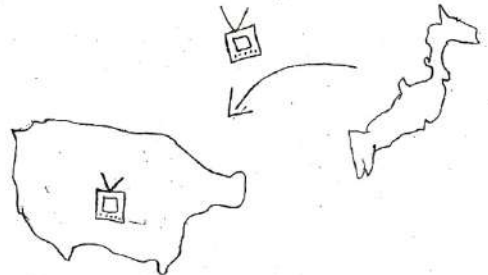
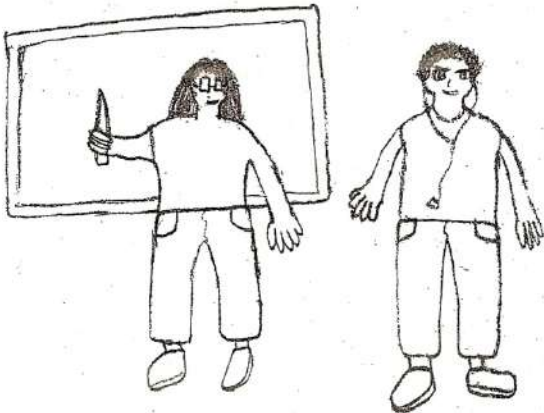
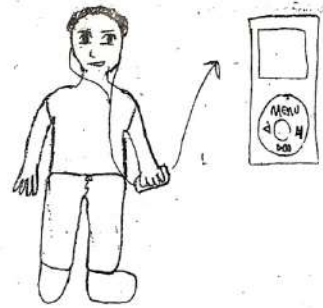
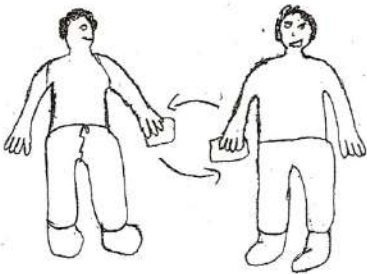
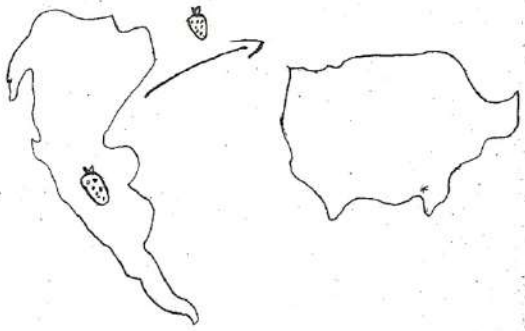
Madison High School recently built a new auditorium with air conditioning and state-of-the-art lighting and sound. Because the construction was expensive, no funds were left over to maintain the football field. The football field is so bad that officials fear players will get injured.

Madison's rival, Central High School, has a beautiful new football stadium, but its auditorium has been closed for fear that the ceiling will collapse. The School Board has set aside funds in next year's budget for renovating the auditorium. So, for this year, Central High School's music and drama students will not be able to perform.

Students at Central have proposed that Madison use Central's football stadium for six games. In exchange, Central will use Madison's auditorium for its fall and spring school plays and concerts.

1. Why would people from these two schools be willing to make this trade?
2. How is this trade similar to trade between countries? Support your answer with an example using actual countries or those from the class simulation.
3. How does trading between people in different countries or between people from two different high schools create interdependence?

Activity 2.1 – Vocabulary Illustrations



Activity 2.2 – Economics Vocabulary

Name _____

Match the following illustrations with the economic term. Then, write what the word means in your own words.

import	export	domestic
foreign	exchange	specialization

<p>_____</p> <p><i>(economic term)</i></p> <p>_____</p> <p>_____</p>	<p>_____</p> <p><i>(economic term)</i></p> <p>_____</p> <p>_____</p>
<p>_____</p> <p><i>(economic term)</i></p> <p>_____</p> <p>_____</p>	<p>_____</p> <p><i>(economic term)</i></p> <p>_____</p> <p>_____</p>
<p>_____</p> <p><i>(economic term)</i></p> <p>_____</p> <p>_____</p>	<p>_____</p> <p><i>(economic term)</i></p> <p>_____</p> <p>_____</p>

Activity 2.3A – Alternative Trading Cards

Print 3 sheets of cards per 30 students. Place 2-3 items in each numbered paper bag.

<p>One can soda</p> 	<p>One snack sized candy bar</p> 	<p>One large sized candy bar</p> 	<p>One lollipop</p> 
<p>One stick of gum</p> 	<p>One package of gum</p> 	<p>One pencil topper eraser</p> 	<p>One homework pass</p> 
<p>One No. 2 yellow pencil</p> 	<p>One fine line marker</p> 	<p>One permanent marker</p> 	<p>One glue stick</p> 
<p>One pencil case</p> 	<p>One Eagles hat</p> 	<p>One small notepad</p> 	<p>One three ring binder</p> 

Visual 2.3 – Level of Happiness

Level of Happiness	
Round	Class Rating
1	
2	
3	

Activity 2.3 – Level of Happiness

Level of Happiness			
Round	Individual Rating	Reason for Rating	Class Rating
1			
2			
3			

How did your rating change between Round1 and Round 3? Explain why this happened.

How did the group ratings change between Round 1 and Round 3? Explain why this happened.

Activity 2.4
Trading Game Questions

Name Answer Key

Discuss these questions with your partner. Write your answers in the space provided.

What happened to the class' level of happiness from Round 1 to Round 2?
From Round 2 to Round 3?

What happened to the level of happiness from Round 1 to Round 2 for the class? *(increased)*
From Round 2 to Round 3? *(increased)*

The amount of goods available for trade remained the same throughout the rounds. Why do you think the level of happiness changed?

People were able to trade for another item that they wanted more than the item they had. In Round 2 trade was limited and students weren't allowed to trade outside their group. In Round 3 there was a greater variety of items available to trade.

Were you required to make a trade? What happened to your personal level of happiness from Round 1 to Round 3? Why did this happen?

No, trade/exchange was voluntary. Some students choose not to trade because once they see what is available they decide to keep what they have. Their item has more value to them than anything they see available for trade.

In which round of this activity was there the greatest variety of goods available for consumers? Why?

In which round of activity was there the greatest variety of goods available for consumers? (the third round) Why? (Students could trade with many people who had different goods)

Many people traded for an item that was almost the same as the one they had. Why did this happen?

Some people may have wanted a different type of candy [sticker or pencil] than they had, or they liked the other candy [sticker or pencil] more than the candy [sticker or pencil] they had, or some people wanted some of each type.

Activity 2.4
Trading Game Questions

Name _____

Discuss these questions with your partner. Write your answers in the space provided.

What happened to the class' level of happiness from Round 1 to Round 2?
From Round 2 to Round 3?

The amount of goods available for trade remained the same throughout the rounds. Why do you think the level of happiness changed?

Were you required to make a trade? What happened to your personal level of happiness from Round 1 to Round 3? Why did this happen?

In which round of this activity was there the greatest variety of goods available for consumers? Why?

Many people traded for an item that was almost the same as the one they had. Why did this happen?

2.5 Trading Connection –
Check for Understanding

Name _____

1. What is exchange?

2. Why do people participate in voluntary exchange?

3. Give examples of times you engaged in voluntary exchange.

4. Why are you willing to exchange an item from your lunch bag for an item from someone else's lunch bag?

Activity 2.5 - Foreign or Domestic

Item (What is it?)	Where is it from?	Is the Item Domestic or Foreign?	Additional comments, ideas, and/or questions.
<i>Example: T-shirt</i>	<i>Guatemala</i>	<i>Foreign</i>	<i>Where do they get the materials for the shirt?</i>
Classroom Example:			

Activity 2.6 Foreign or Domestic Homework

Define the word **domestic good**:

Define the word **foreign good**:

Look around your home for five (5) domestic goods and five (5) foreign goods. Fill in the chart below.

Item (What is it?)	Where is it from?	Is the Item Domestic or Foreign?	Additional comments, ideas, and/or questions.
<i>Example: T-shirt</i>	<i>Guatemala</i>	<i>Foreign</i>	<i>Where do they get the materials for the shirt?</i>

Write the name of each country where the items you listed above were made on your world map. Use an F or a D next to the name of each country to identify if the good you list was a foreign good (F) or a domestic good (D).

Reading 2.7

The New York Times

June 21, 2009

For Baffled Buyers, a Guide to Cars Made in North America

By CHERYL JENSEN

ABOUT 8.5 million cars and light trucks were assembled in the United States last year. Only about five million of those were made by the automakers traditionally known as American. More than three million of the vehicles assembled in American plants were built by autoworkers employed by foreign brands.

It's easy to see how confusing it can be for consumers to purchase an "American" car. Which is the more American product, a Honda Accord built by Ohioans for a company with its headquarters in Japan, or a Ford Fusion built in Mexico for a corporation that is based in Michigan?

The window sticker of a new vehicle lists its domestic content, including the origin of its engine and transmission. But the North American Free Trade Act and the American Automobile Labeling Act can confuse details on parts from Canada and Mexico. "Domestic content" is not domestic at all. For the purposes of the window sticker, the government has decided that domestic content will include parts made in Canada. Under the North American Free Trade Act, domestic is even less clear because it also includes Mexico.

The labor of autoworkers assembling the vehicles is excluded from the calculation. Foreign carmakers with assembly plants in the United States cannot count the value of their American workers' labor as "domestic content."

Reporting the origin of the engine and transmission is also tricky. Take Honda's engine plant in Anna, Ohio. Although the engine of the Acura RDX is made there, Japan is listed as the country of origin. That is because one expensive part, the turbocharger, is imported from Japan and installed by Ohio workers.

Reading 2.8

Consumer News Online

How much of your car is made in America?

Jun 15, 2011 8:30 AM

With the July 4th holiday right around the corner, consumers are often reminded to support our economy and buy American-made products. While many products we use are clearly labeled with the country of origin, for vehicles that's not always clear cut. So what makes an American vehicle? Many foreign automakers have factories and research facilities in the United States and design, develop and build vehicles for sale in this country, employing part of America's workforce. In several cases, a vehicle wearing a foreign brand, is



conceived, designed and built by Americans, in America, for Americans. So you are still supporting U.S. workers throughout the process all the way through the dealership.

ABC News has a fun interactive feature based on data from the National Highway Traffic Safety Administration's (NHTSA) American Automobile Labeling Act (AALA) Report that shows what percent of your vehicle is made in America. To look at the larger picture, we pulled together a list of the top-selling vehicles based on May sales data and for the last 5 months of 2011 to compare sales data with the percentage of parts made here.

Sedans			
Model	May sales	2011 sales (5 months)	% of parts made in America
Chevrolet Malibu	25,600	99,046	75%
Nissan Altima	25,525	112,308	60%
Ford Fusion	24,666	110,878	20%
Hyundai Sonata	22,754	96,370	41%
Toyota Camry	18,830	125,218	80%
Honda Accord	18,185	120,035	80%
SUVs			
Model	May sales	2011 sales (5 months)	% of parts made in America
Ford Escape	23,140	100,333	65%
Chevrolet Equinox	17,587	77,884	66%
Honda CR-V	14,397	77,074	60%
Kia Sorento	11,936	51,765	60%
Jeep Wrangler	10,008	41,946	79%
Jeep Grand Cherokee	9,484	45,401	71%
Toyota RAV4	7,437	51,590	60%

As you can see, for the sedans, the top-selling Honda Accord and Toyota Camry are mostly made in America. For SUVs, the Escape is the strongest seller and more than half of its

parts are made here. The two Jeeps have around 3/4 parts made in this country. None of these vehicles have 100 percent U.S content, though.

The vehicles with the highest percentage of American parts:

Model	% of parts made in America
Ford Explorer	85%
Dodge Dakota	84%
Dodge Avenger	83%
Dodge Grand Caravan	82%
Chrysler 200	81%
Toyota Tundra	80%
Toyota Sequoia	80%
Toyota Camry	80%
Toyota Avalon	80%
GMC Savana	80%
Dodge Nitro	80%
Chrysler Town & Country	80%
Honda Accord	80%

If buying American products is important to you and you're in the market for a new car, it may be worth checking out the [ABC News interactive](#) to see which vehicle will benefit American workers the most. Keep in mind that even cars not made in the U.S. are still sold by your friends and neighbors who work at or own these retail stores. But above all else, it's most important to buy a good, safe, and reliable car--regardless of who builds it.

—Liza Barth

Activity 2.9 – Trading Partners and Patterns

Country	Kenya
Exports	
Export Value	
Export Partners	
Imports	
Import Value	
Import Partners	

Country	China
Exports	
Export Value	
Export Partners	
Imports	
Import Value	
Import Partners	

Country	United States
Exports	
Export Value	
Export Partners	
Imports	
Import Value	
Import Partners	

Activity 2.9
Trading Partners and Patterns

Country	France
Exports	
Export Value	
Export Partners	
Imports	
Import Value	
Import Partners	

Country	Mexico
Exports	
Export Value	
Export Partners	
Imports	
Import Value	
Import Partners	

Country	Egypt
Exports	
Export Value	
Export Partners	
Imports	
Import Value	
Import Partners	

Activity 2.9
Trading Partners and Patterns

Country	Australia
Exports	
Export Value	
Export Partners	
Imports	
Import Value	
Import Partners	

Country	Democratic Republic of the Congo
Exports	
Export Value	
Export Partners	
Imports	
Import Value	
Import Partners	

Country	Peru
Exports	
Export Value	
Export Partners	
Imports	
Import Value	
Import Partners	

Activity 2.9
Trading Partners and Patterns

Country	Saudi Arabia
Exports	
Export Value	
Export Partners	
Imports	
Import Value	
Import Partners	

Country	Czech Republic
Exports	
Export Value	
Export Partners	
Imports	
Import Value	
Import Partners	

Country	Ukraine
Exports	
Export Value	
Export Partners	
Imports	
Import Value	
Import Partners	

Activity 2.9A
Trading Partners and Patterns

Country	Kenya
Exports	Tea, coffee, horticultural products, petroleum products, fish, cement
Export Value	\$4.054 billion (2007 est.)
Export Partners	Uganda, United Kingdom, Tanzania, Netherlands, United States, Pakistan
Imports	machinery and transportation equipment, petroleum products, motor vehicles, iron and steel, resins and plastics
Import Value	\$8.54 billion (2007 est.)
Import Partners	United Arab Emirates, China, India, Saudi Arabia, South Africa, United States, Japan, United Kingdom

Country	China
Exports	machinery, electrical products, data processing equipment, apparel, textile, steel, mobile phones
Export Value	\$1.217 trillion (2007 est.)
Export Partners	United States, Hong Kong, Japan, South Korea, Germany
Imports	machinery and equipment, oil and mineral fuels, plastics, LED screens, data processing equipment, optical and medical equipment, organic chemicals, steel, copper
Import Value	\$901.3 billion (2007 est.)
Import Partners	Japan, South Korea, Taiwan, United States, Germany

Country	United States
Exports	agricultural products (soybeans, fruit, corn), industrial supplies (organic chemicals), capital goods (transistors, aircraft, motor vehicle parts, computers, telecommunications equipment), consumer goods (automobiles, medicines)
Export Value	\$1.149 trillion (2007 est.)
Export Partners	Canada, Mexico, China, Japan, United Kingdom, Germany
Imports	agricultural products, industrial supplies (crude oil), capital goods (computers, telecommunications equipment, motor vehicle parts, office machines, electric power machinery), consumer goods (automobiles, clothing, medicines, furniture, toys)
Import Value	\$1.965 trillion (2007 est.)
Import Partners	Canada, Mexico, China, Japan, United Kingdom, Germany

Country	France
Exports	machinery and transportation equipment, aircraft, plastics, chemicals, pharmaceutical products, iron and steel, beverages
Export Value	\$548 billion (2007 est.)
Export Partners	Germany, Spain, Italy, United Kingdom, Belgium, United States, Netherlands
Imports	machinery and equipment, vehicles, crude oil, aircraft, plastics, chemicals
Import Value	\$600.1 billion (2007 est.)
Import Partners	Germany, Belgium, Italy, Spain, Netherlands, United Kingdom, United States, China

Country	Mexico
Exports	manufactured goods, oil and oil products, silver, fruits, vegetables, coffee, cotton
Export Value	\$271.9 billion (2007 est.)
Export Partners	United States, Canada, Germany
Imports	metalworking machines, steel mill products, agricultural machinery, electrical equipment, car parts for assembly, repair parts for motor vehicles, aircraft, and aircraft parts
Import Value	\$283 billion (2007 est.)
Import Partners	United States, China, South Korea, Japan

Country	Egypt
Exports	crude oil and petroleum products, cotton, textiles, metal products, chemicals
Export Value	\$25.72 billion (2007 est.)
Export Partners	United States, Italy, Spain, Syria, Saudi Arabia, United Kingdom
Imports	Machinery and equipment, foodstuffs, chemicals, wood products, fuels
Import Value	\$43.43 billion (2007 est.)
Import Partners	United States, China, Italy, Germany, Saudi Arabia

Country	Australia
Exports	coal, iron ore, gold, meat, wool, alumina, wheat, machinery and transport equipment
Export Value	\$141.7 billion (2007 est.)
Export Partners	Japan, China, South Korea, India, United States, New Zealand
Imports	machinery and transport equipment, computers and office machines, telecommunication equipment and parts; crude oil and petroleum products
Import Value	\$159.4 billion (2007 est.)
Import Partners	China, United States, Japan, Singapore, Germany, United Kingdom, Thailand

Country	Democratic Republic of the Congo
Exports	diamonds, copper, crude oil, coffee, cobalt
Export Value	\$1.587 billion (2006)
Export Partners	Belgium, China, Brazil, United States, Finland, France
Imports	foodstuffs, mining and other machinery, transport equipment, fuels
Import Value	\$2.263 billion (2006)
Import Partners	South Africa, Belgium, Zimbabwe, France, Zambia, Kenya, United States, Cote d'Ivoire

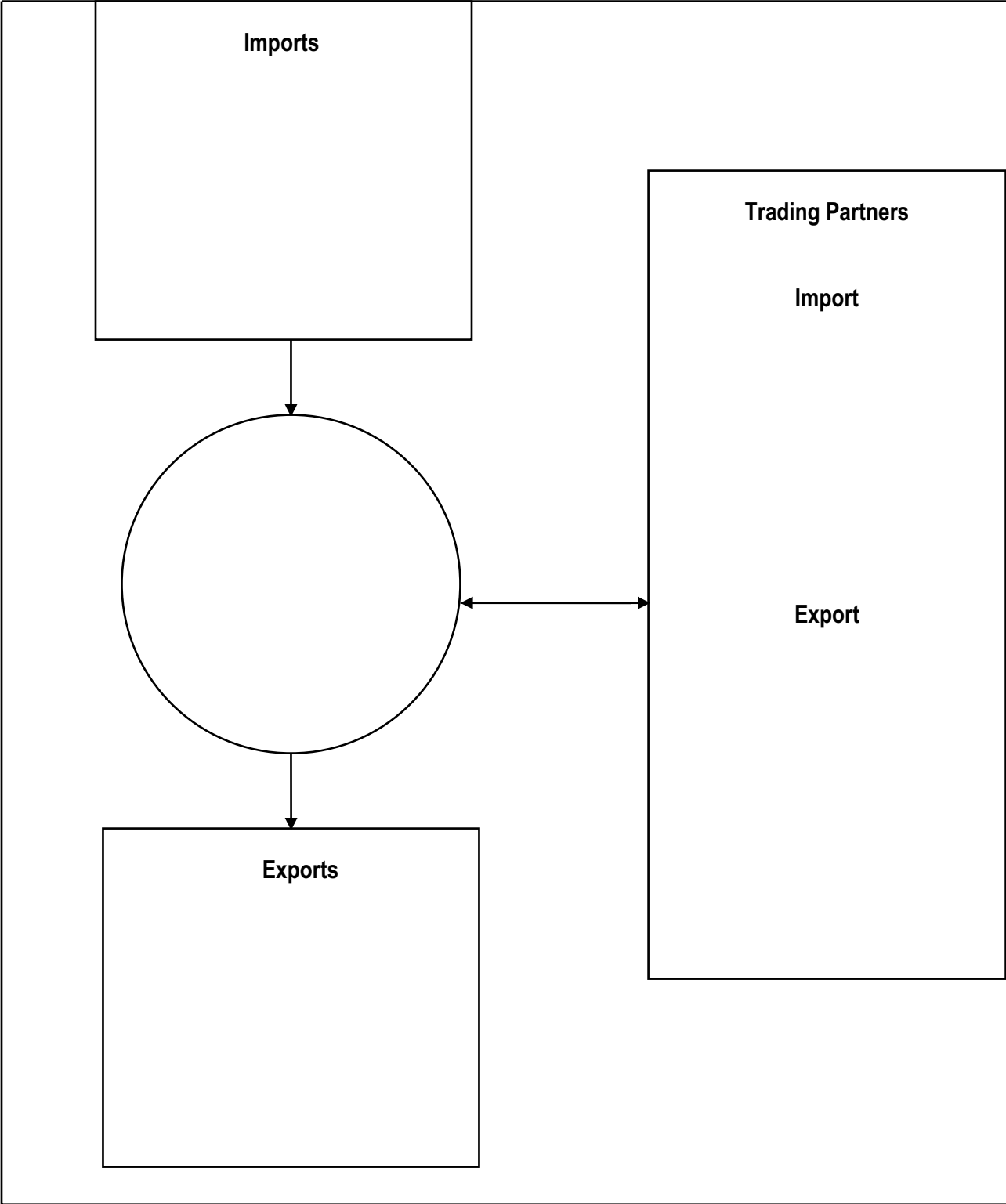
Country	Peru
Exports	copper, gold, zinc, crude petroleum and petroleum products, coffee, potatoes, asparagus, textiles, guinea pigs
Export Value	\$27.96 billion (2007 est.)
Export Partners	United States, China, Switzerland, Japan, Canada, Chile
Imports	petroleum and petroleum products, plastics, machinery, vehicles, iron and steel, wheat, paper
Import Value	\$19.6 billion (2007 est.)
Import Partners	United States, China, Brazil, Ecuador, Colombia, Argentina, Chile, Mexico

Country	Saudi Arabia
Exports	Petroleum and petroleum products
Export Value	\$230 billion (2007 est.)
Export Partners	United States, Japan, South Korea, China, Taiwan
Imports	machinery and equipment, foodstuffs, chemicals, motor vehicles, textiles
Import Value	\$81.17 billion (2007 est.)
Import Partners	United States, China, Germany, Japan, Italy, United Kingdom, South Korea

Country	Czech Republic
Exports	machinery and transport equipment, raw materials and fuel, chemicals
Export Value	\$122.3 billion (2007 est.)
Export Partners	Germany, Slovakia, Poland, France, United Kingdom, Italy, Austria
Imports	machinery and transport equipment, raw materials and fuels, chemicals
Import Value	\$116.6 billion (2007 est.)
Import Partners	Germany, Netherlands, Slovakia, Poland, China, Austria, Russia, Italy, France

Country	Ukraine
Exports	ferrous and nonferrous metals, fuel and petroleum products, chemicals, machinery and transport equipment, food products
Export Value	\$49.84 billion (2007 est.)
Export Partners	Russia, Turkey, Italy
Imports	energy, machinery and equipment, chemicals
Import Value	\$60.41 billion (2007 est.)
Import Partners	Russia, Germany, China, Poland, Turkmenistan

Activity 2.10
Charting Trade



Activity 2.11 - Trading Chart Questions

Trading Connections

Discuss these questions with your partner. Write your answers in the space provided.

1. Most often, are major trading partners nearby or far from one another? Why?

2. Why don't the people in a country produce all goods and services they want?

3. The largest import and export trading partners for the United States are Canada, Mexico, and China. How are these three countries similar?

4. Who is Mexico's largest import partner? Who is Mexico's largest export partner?

5. What is similar about some of the products countries import and export?

6. Give examples of countries that import products similar to products they export and name the products.

7. Many of the countries you learned about import the same type of goods that they export. This happens frequently with other countries as well. For example, people in Japan export cars to people in the United States and Germany. However, people in Japan also import cars from the United States and Germany.

Why do you think they do this? How does this type of trade benefit consumers in each country?

Activity 2.11 - Trading Chart Questions **ANSWER KEY**

Trading Connections

Discuss these questions with your partner. Write your answers in the space provided.

1. Most often, are major trading partners nearby or far from one another? Why?

1. Most often, are major trading partners nearby or far away from one another (*nearby*) Why? (*The less distance between the countries, the easier and less expensive it is to trade.*)

2. Why don't the people in a country produce all goods and services they want?

Why don't the people in a country produce all goods and services they want? (*Scarcity. They do not have all the necessary resources to produce all products they want.*)

3. The largest import and export trading partners for the United States are Canada, Mexico, and China. How are these three countries similar?

The largest import and export trading partners for the United States are Canada, Mexico, and China. How are these three countries similar? (*Canada and Mexico are located near the United States. Canada, China, and the United States are industrial countries.*)

4. Who is Mexico's largest import partner? Who is Mexico's largest export partner?

Who is Mexico's largest import partner? (*United States*) Who is Mexico's largest export partner? (*United States*)

5. What is similar about some of the products countries import and export?

What was similar about the information from the presentations? (All countries imported and exported similar items.)

6. Give examples of countries that import products similar to products they export and name the products.

Examples should include broad categories of goods such as: automobiles, chemicals, agricultural equipment, metals, etc.

7. Many of the countries you learned about import the same type of goods that they export. This happens frequently with other countries as well. For example, people in Japan export cars to people in the United States and Germany. However, people in Japan also import cars from the United States and Germany. Why do you think they do this? How does this type of trade benefit consumers in each country?

The cars coming from Japan are different from the cars that are available in the United States or Germany. Consumers benefit because there are more choices.

Activity 2.12 – Gallery Walk Graphic Organizer

Gallery Walk Graphic Organizer

Country	This Presentation Has Something Different	This Presentation Has Something Similar	Notes

Activity 2.13 – Trading Connection Questions

1. What are imports?

2. Give examples of products the United States imports.

3. What are exports?

4. Give examples of products the United States exports.

5. When people in one country trade with people in other countries, what happens to the amount and type of goods available?

6. Why do countries export products similar to products they import?

7. From the countries studied, give an example of a product a country imports that is similar to a product that same country exports.

2.14 – Check for Understanding

Read the information in the charts and answer the question under each chart.

Italy's Major Export and Import Partners (2007)

Export Partners	Import Partners
Germany	Germany
France	France
Spain	Spain
United States	Netherlands
United Kingdom	Belgium
	China

Source: CIA World Factbook

Why do you think Italy trades more with these countries than other countries? Explain your answer.

Italy's Major Exports and Imports (2007)

Exports	Imports
Textiles and clothing	Textile and clothing
Production machinery	
Engineering products	Engineering products
Motor vehicles	Energy products
Transport equipment	Transport equipment
Chemicals	Chemicals
Food and beverages	Food and beverages
Minerals and Metals	Minerals and Metals

Source: CIA World Factbook

Which products does Italy import and also export? Why does Italy import and export the same products?

Today we will learn how and why countries choose to specialize in one good or service. For this activity you will find out which of the following skills you are most successful. The skills are **Service, Sales, Bureaucratic** and **Computer** skills.

The teacher will time each session. Do not move to a new skill center until you are instructed to do so.

Additional information:

SERVICE SKILLS:

- Your service ability will be measured by what kind of a person you seem to be.
- The Service Skill Scorer will ask you why they should trust you.
- The Service Skill Scorer will rate your trustworthiness on a scale of 1 to 10 and it will be based on how much confidence the scorer has in you and how you might be able to help them.

Your Service Skill Score: _____

SALES SKILLS:

- Your sales ability is measured by how effective a one-minute sales pitch you can come up with is.
- The Sales Skill Scorer will give you an object and you are to think of as many ways that object would be useful.
- The Sales Skill Scorer will rate you on a scale of 1 to 10 based on your effectiveness in convincing them to buy your product.

Your Sales Skill Score: _____

BUREAUCRATIC SKILLS:

- Your ability to work in a bureaucracy is measured by how well you can alphabetize eight words and apply a rule to three cases.
- The Bureaucratic Skills Scorer will give you a copy of a test and corrects it when you have finished.
- You will receive up to 10 points on this test.

Your Bureaucratic Skill Score: _____

COMPUTER SKILLS:

- Your computer ability is measured by how well you perform on a mathematics test.
- The Computer Skills Scorer will give you a copy of a test and corrects it when you have finished.
- You will receive 1 point for each correct answer. There is a total of 10 possible points.

Your Computer Skill Score: _____

Activity 3.2 - Bureaucratic and Computer Skills Tests

Bureaucratic Skills Test: Name _____

Place these words in the proper alphabetical order in the spaces on the right:

- synesthesia _____
- synecdoche _____
- synergist _____
- synetics _____
- synergy _____
- synesis _____
- synecious _____

The following is a National Park Service rule:

“No person shall prune, cut, carry away, pull up, dig, fell, bore, chop, saw, chip, pick, move, sever, climb, molest, take, break, deface, destroy, set fire to, burn, scorch, carve, paint, mark, or in any manner interfere with, tamper, mutilate, misuse, disturb, or damage any tree, shrub, plant, grass, flower, or any part thereof, nor shall any person permit any chemical, whether solid, fluid, or gaseous, to seep, drip, drain, or be emptied, sprayed, dusted on, injected upon, about or into any tree, shrub, plant, grass, flower.”

According to the rule, are these actions permissible? (Yes or No)

1. mutilate a tree in your back yard
2. collect firewood in national park
3. carve your initials on the bark of a small shrub in a national forest

.....
Computer Skills Test Name _____

1. If a kangaroo at the bottom of a 30-foot well jumps up three feet every day and slides back two feet, how many days will it take her to reach the top?
2. Convert 26 (base 10) to base 2.
3. What is 100101 (base 2) minus 11101 (base 2)?
4. $(2.5 \times 10^4) \times (4.0 \times 10^2) = Y \times 100$. What is Y?
5. If Jonas is six inches taller than Juan and Jonas is three inches shorter than Jane, then the tallest person is ___?___, who is ___?___ inches taller than ___?___ and ___?___ inches taller than ___?___.
6. What is 4.6864 divided by 23.2?
7. 28 is ___?___ % of 400.
8. If $4(x-2) + 7y + 3 = 21$ and $y=2$, then $x=$ ___?___
9. Find the average of the following numbers: 1, 3, 7, 10, 13, 17, and 19.
10. Sue works 40 hours a week and earns \$4 an hour. For every dollar she earns, she pays five cents in taxes. She can calculate her take-home pay in dollars by: Dividing 5 by ___?___, multiplying the answer by ___?___, subtracting that answer from ___?___, and then multiplying by ___?___.

3.3 - Bureaucratic and Computer Skills Test **ANSWER KEYS**

ONE POINT FOR EACH CORRECT ANSWER

Place these words in the proper alphabetical order in the spaces on the right:

synesthesia	synecdoche
synecdoche	synecious
synergist	synergist
synetics	synergy
synergy	synesis
synesis	synesthesia
synecious	synetics

The following is a National Park Service rule:

"No person shall prune, cut, carry away, pull up, dig, fell, bore, chop, saw, chip, pick, move, sever, climb, molest, take, break, deface, destroy, set fire to, burn, scorch, carve, paint, mark, or in any manner interfere with, tamper, mutilate, misuse, disturb, or damage any tree, shrub, plant, grass, flower, or any part thereof, nor shall any person permit any chemical, whether solid, fluid, or gaseous, to seep, drip, drain, or be emptied, sprayed, dusted on, injected upon, about or into any tree, shrub, plant, grass, flower."

According to the rule, are these actions permissible? (Yes or No)

1. mutilate a tree in your back yard **YES**
2. collect firewood in national park **NO**
3. carve your initials on the bark of a small shrub in a national forest **NO**

ANSWER KEY – ONE POINT FOR EACH CORRECT ANSWER

Computer Skills Test Name _____

1. If a kangaroo at the bottom of a 30-foot well jumps up three feet every day and slides back two feet, how many days will it take her to reach the top? **28 DAYS**
2. Convert 26 (base 10) to base **11010**
3. What is 100101 (base 2) minus 11101 (base 2)? **1000**
4. $(2.5 \times 10^4) \times (4.0 \times 10^2) = I \times 100$. What is I? **7**
5. If Jonas is six inches taller than Juan and Jonas is three inches shorter than Jane, then the tallest person is ___?___, who is ___?___ inches taller than ___?___ and ___?___ inches taller than ___?___. **Jane, 3, Jonas, 9, Juan**
6. What is 4.6864 divided by 23.2? **.202**
7. 28 is ___?___ % of 400. **7**
8. If $4(x-2) + 7y + 3 = 21$ and $y=2$, then $x=$ ___?___ **3**
9. Find the average of the following numbers: 1, 3, 7, 10, 13, 17, and 19. **10**
10. Sue works 40 hours a week and earns \$4 an hour. For every dollar she earns, she pays five cents in taxes. She can calculate her take-home pay in dollars by: Dividing 5 by ___?___, multiplying the answer by ___?___, subtracting that answer from ___?___, and then multiplying by ___?___. **100, 4, 4, 40**

Activity 3.4 - Country Summary Sheet

	YOUR COUNTRY'S PRODUCTIVITY SCORE (Total of all Student Scores)
Service	
Sales	
Computer	
Bureaucratic	
Total Country Productivity Score	

Add up your students' scores. This number represents your country's productivity.

Questions:

1. Based on your scores, what should your specialty be as a country?

2. Should you do only what your country is better at?

3. Should you try to do everything?

4. What is your biggest need as a country?

Activity 3.5 - Class Summary Sheet

Now let's look at how all four countries did.

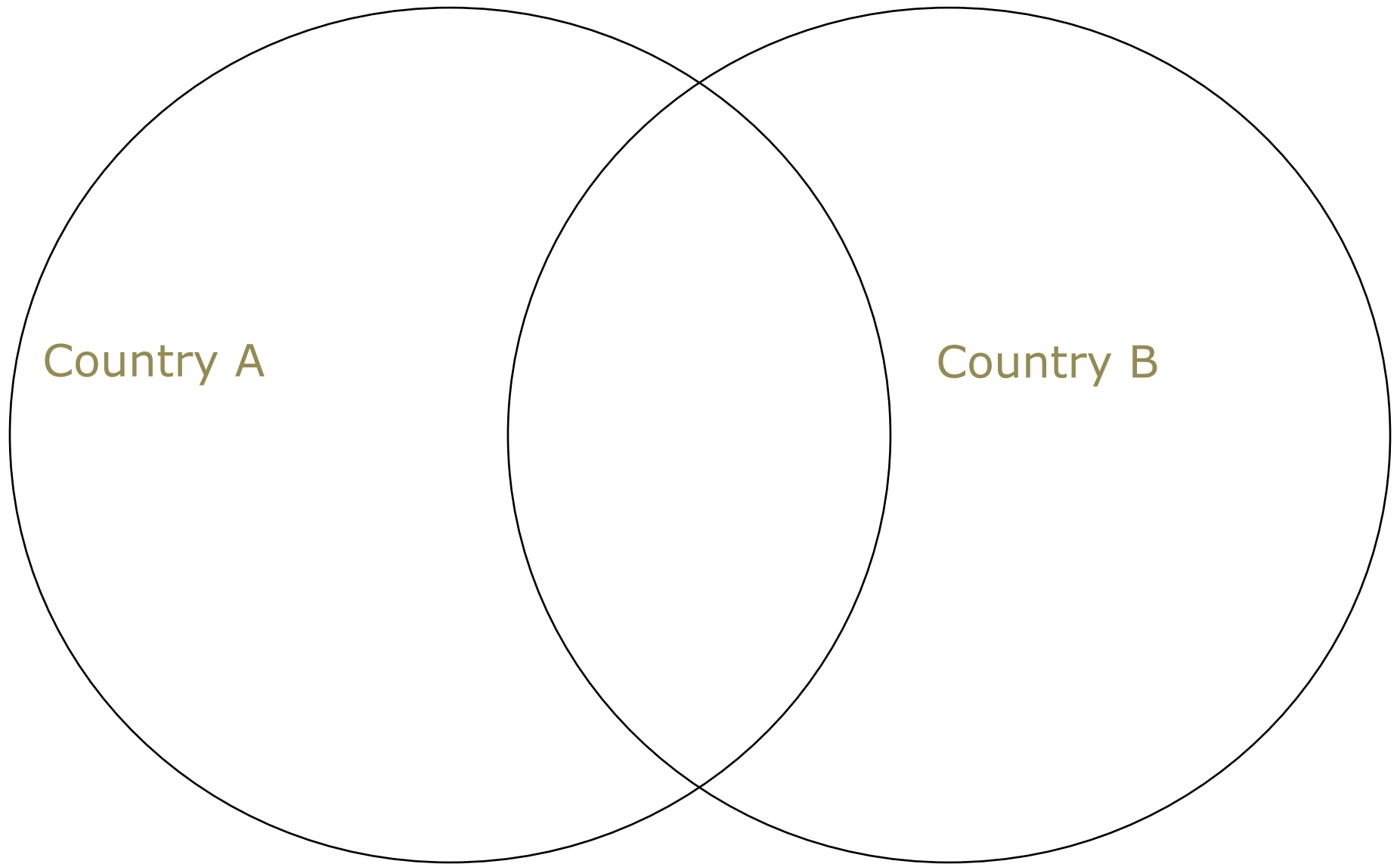
	COUNTRY A	COUNTRY B	COUNTRY C	COUNTRY D	Best Country Score x4
Service					
Sales					
Computer					
Bureaucratic					
Total Country Productivity					

Which countries should specialize in each skill?

Why would a country want to specialize?

What is the overall impact when countries specialize?

Activity 3.6 – Venn Diagram



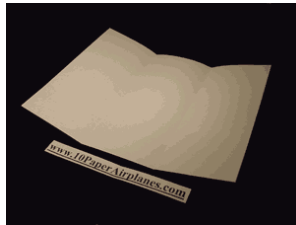
Activity 3.6B - Bat and Kite Directions



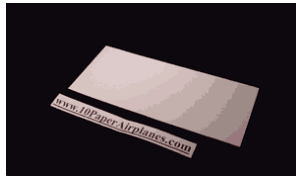
The Bat imitates modern day gliders; it is capable of traveling very long distances, but works best when there are existing air currents that it can use to fly on. This paper airplane is the most fun outdoors where a gust of wind can carry it very high and far. To make this paper airplane you will need a single sheet of paper and a pair of scissors.

Range: Long

Difficulty: Moderate



1. Fold the paper into thirds and then unfold it so that there are creases left, then either cut or tear along the creases to make three strips of paper. You will only need one strip per plane.



2. Beginning on one of the long sides, fold it down evenly about 1/2 inch. Repeat this step for a total of 4 folds. Keep your folds as tight and even as possible.



3. Flip the paper airplane over to its other side and fold it in half evenly.



4. Using your scissors, make a small (about 1/4 to 1/2 inch long) cut into the rear of the wings to make small 'winglets' as shown in the pictures. You will use these to fine-tune the Bat's tendency to turn during flight.



Your Bat may need some fine-tuning before it will fly perfectly straight.

If it dives, slightly angle the back-edge of the wings up.

If it climbs and crashes, slightly angle the back-edge of the wings down.

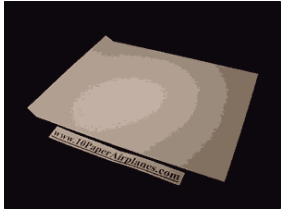
To throw the Bat, hold your hand like you would if you were mimicking a pair of scissors with your first and second fingers extended one over the other. Hold the Bat along the centerline between the 'blades' of the scissors and push it forward through the air.



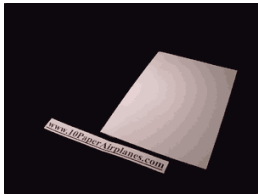
The Kite may not be the coolest looking paper airplane on the block, but those big ugly wings sure do the trick. The kite is capable of great distance and accuracy, but is very sensitive to changes to it's wings. To make this great paper airplane you will need only a single sheet of paper.

Range: Long

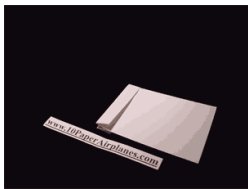
Difficulty: Moderate



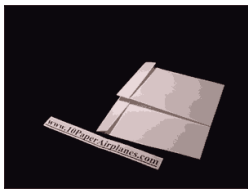
1. Beginning on one end of the paper, fold it down evenly about 1 inch. Repeat this step for a total of 8 folds. Keep your folds as tight and even as possible.



2. Flip the paper airplane over and fold it in half as shown. Good, tight folds on step 1 will make this easier, but a few crinkles won't hurt it.



3. Fold the first wing starting 1/2 to 1 inch from the center fold.



4. Fold the second wing exactly as you did the first. Your Kite may need some fine-tuning before it will fly perfectly straight.



If it dives, slightly angle the rear of the wings up.

If it climbs and crashes, slightly angle the rear of the wings down.

Production with Specialization

	Output of Bat Airplanes	Output of Kite Airplanes
Country A		
Country B		
Total World Output		

Number of Cards after Trade

	Number of Bat Airplanes	Number of Kite Airplanes
Country A		
Country B		

Production Without Specialization

	Output of Bat Airplanes	Output of Kite Airplanes
Country A		
Country B		
Total World Output		

Activity 3.8 - Production Questions, Round 1

Discuss these questions with your partner. Write your answers in the space provided.

What do you think might happen to the quality of each country's products, if it produced for another round? Why?

What do you think might happen to the number of products that are produced if each country produced for another around? Why?

What might each country do if it wanted both bat and kite airplanes?

Activity 3.9 - Production Questions, Round 2

Discuss these questions with your partner. Write your answers in the space provided.

a. What happened to worldwide production of bat airplanes? Of kite airplanes? Why?

b. What was the quality of kite airplanes produced in Country A and bat airplanes produced in Country B?

c. Why couldn't countries produce the second good so it would be exactly like the one each imported?

d. In the first round, there was free trade. How did individuals in both countries benefit from free trade?

e. How did restricting trade affect production of goods in each country and world wide output?

f. What do you think might happen to the price of goods when trade is restricted? Why?

import

export

Standard of living is the amount of goods and services available per person in an economy.

Gross Domestic Product (GDP) is the total dollar amount of all final goods and services produced in a country in a year.

Gross Domestic Product per Capita is the total dollar amount of all final goods and services produced in a country in a year divided by the country's population.

	Country A	Country B
GDP	\$1000	\$2000
Population		

Activity 3.12 – Debriefing Homework Name _____

Answer the questions below in the space that is provided.

- a. How do individuals and businesses in countries decide which products to produce when they specialize?

- b. How does specialization and trade affect worldwide material standards of living? Explain.

- c. What are exports? What are imports? Give an example of each.

- d. How do trade barriers affect worldwide material standards of living?
How?

Tariff	Safety, environmental health, or other technical requirements set by a government. Imports must meet these requirements before they are allowed to come into the country.
Quota	Government payments to exporters. This payment helps reduce an exporter's cost of production.
Embargo	A tax on imports
Subsidies	Prohibits all trade with people and businesses in a specific country
Standards	A limit on the amount of a foreign good or service that may be legally imported. These may be voluntary or imposed by governments.

Tariff	Standard	Quota
Subsidy	Embargo	Trade Barriers

Now that you know the meanings of these words write a prediction of what you will be learning about in the section that says Pre-. Use these words in your prediction.

Pre- _____

—

Now that you have studied the words above and know what they mean, write a summary of what you have learned during this lesson. Use these words in your summary.

Post-

After the teacher reads each situation below, work with your partner and answer the questions.

Scenario: The school allows clubs to sell baked goods at school events. The school cafeteria also sells baked goods at these events. Most clubs sell baked goods from home. The homemade baked goods sell better than those sold by the cafeteria.

a. The principal announces there will be a tax on all baked goods brought from home to sell at school events.

1. What is the restriction on selling homemade baked goods? _____

2. How will this affect consumers buying homemade baked goods?

3. How will this affect sale of homemade baked goods? _____

b. The principal makes a rule that only $\frac{1}{4}$ of baked goods sold can be brought from outside the school.

1. What is the restriction on selling homemade baked goods ? _____

2. How will this affect consumers who normally buy homemade baked goods?

c. The principal decides to give money to the cafeteria to help pay for some of the costs of making the cafeteria baked goods.

1. How is the principal helping the sale of cafeteria baked goods? _____

2. How will this affect the sale of homemade baked goods? Why? _____

d. The principal announces that all baked goods that are sold in school must have State Board of Health approval. Baked goods made in the cafeteria have this approval.

1. How is the principal helping the sale of cafeteria baked goods? _____

2. How will this affect consumers of homemade baked goods? _____

3. How could this affect the price of cafeteria homemade baked goods? _____

e. The principal announces that no homemade baked goods may be sold at school events. All baked goods that are sold must be bought from the school cafeteria.

1. What is the restriction that prohibits no selling of homemade baked goods?

2. How will this affect consumers who normally buy homemade baked goods?

Tariff- A tariff is a tax on import. For example, in 1996 the US government imposed a 5.1-cent tariff on every wristwatch imported into the US. If 1000 watches were imported, the US government collected \$51.

Quota- A quota is a limit on the amount of a foreign good or service that may be legally imported. Some quotas are voluntary and governments impose some. In the 1980s, the Japanese agreed to export only a certain number of cars in the United States. For many years, the US government has imposed a quota on sugar.

Embargo- An embargo prohibits all trade with people and businesses in a specific country. For example, on August 2, 1990, President Bush imposed a trade embargo on Iraq. Iraqi products could not be imported into the U.S. either directly or through third countries. U.S. products could not be exported from the U.S. or reexported from a third country to Iraq.

Subsidies- Subsidies are government payments to exporters. This payment helps reduce an exporter's cost of production. For example, many countries subsidize the production of cold-rolled steel. Businesses in these countries can export their steel at a lower price than steel produced in the United States.

Standards- Standards are safety, environmental, health, or other technical requirements set by a government. Imports must meet these requirements before they are allowed to come into the country. For example, in the 1990s, the US banned the import of all French apples because of a concern over Med fly infestations.

Activity 4.5 – Trade Barrier Identification

Tariff	Standard	Quota
Subsidy	Embargo	Quota
Tariff	Standard	

1. The USA refuses import shrimp from Southeast Asian countries because their shrimpers do not use nets that protect sea turtles.
2. The USA taxes all softwood coming into the USA from Canada.
3. The USA president increases the amount of imported peanuts allowed into the country by 100 million pounds per year.
4. The European Union prohibits the importing of meat products from animals treated with growth-promoting hormones.
5. The Australian government gives a grant to manufacturers who produce and export automotive leather.
6. In 1963, President Kennedy issued sanctions, which prohibited all trade with Cuba.
7. The USA limits the amount of wool suits that Macedonia can ship to the USA.
8. In 1996 the USA taxed imported grapes, ceramic tableware, motorcycles, and some bicycles.

Activity 4.6 - Cost Benefit Analysis

Analyzing Trade Barriers

Trade Barriers Define	Who Benefits? Explain	What do they gain? Explain	Who loses? Explain	What are the costs? Explain
Tariff				
Quota				
Embargo				
Standard				
Subsidy				

Activity 4.6 - Cost Benefit Analysis – **ANSWER KEY**

Analyzing Trade Barriers

Trade Barriers Define	Who Benefits? Explain	What do they gain? Explain	Who loses? Explain	What are the costs? Explain
<p>Tariffs Tax on imports</p>	<p>Domestic producers Domestic workers in the industry that has the tariff.</p>	<p>The tax makes their goods cheaper compared to the imports.</p>	<p>Domestic consumers</p>	<p>Makes prices higher for the imports so that domestic goods are cheaper.</p>
<p>Quotas A foreign company is limited to the number of goods it can export to another nation.</p>	<p>Domestic producers Workers in the domestic industry that has the quota.</p>	<p>They gain more customers have to buy from the domestic producers since there are not as many available. Can charge higher prices and do not have to worry so much about quality.</p>	<p>Domestic consumers</p>	<p>They pay higher prices and have fewer choices. The quality of the good may not be as good.</p>
<p>Embargo One country refuses to trade with another. It is illegal for trade to occur between the 2 nations.</p>	<p>Domestic producers Workers in the domestic industry that has the quota</p>	<p>Since they have no competition they can make their product any way they want and charge higher prices.</p>	<p>Domestic consumers</p>	<p>They pay higher prices and have fewer choices. The quality of the good may not be as good.</p>
<p>Standards A company is prohibited from selling to another because the good does not meet certain criteria.</p>	<p>Domestic producers Workers in the domestic industry</p>	<p>Since they have no competition they can make their product any way they want and charge higher prices.</p>	<p>Domestic consumers</p>	<p>They pay higher prices and have fewer choices. The quality of the good may not be as good</p>
<p>Subsidy Government Payments to Exporters</p>	<p>Foreign consumers</p>	<p>The subsidy the government pays to the exports makes it so that the price to consumers is lower.</p>	<p>Foreign producers and Domestic consumers</p>	<p>Foreign producers cannot compete with the lower price. Domestic consumers cannot purchase at the lower price.</p>

Activity 4.7 – Check for Understanding Name _____

Part 1a. What are trade barriers? Give an example.

Part 1b. Write the name of the trade barrier assigned your group. _____. In the chart below, determine how this trade barrier affects domestic consumers, domestic workers, and domestic producers. If the affect is positive place a plus (+) in the box. If the affect is negative place a minus (-) in the box.

Trade Barriers	Domestic Consumer	Domestic Worker	Domestic Producer
Tariff			
Quota			
Embargo			
Standards			
Subsidy			

Part 1c. For the trade barrier assigned to your group, explain what is gained or what is lost for the consumer, worker, and producer.

Activity 4.8 - Tariff Simulation

Name _____

Date _____ Class _____

Most economists think that free trade is a good idea because everyone benefits with better living standards. Even though it is a good idea, many barriers to trade exist. Barriers to trade can be tariffs, quotas, subsidies, product standards or embargoes. Barriers to trade raise some prices and reduce choices. This activity will look at how a tariff will affect the market for cell phones.

Situation: The U.S. Government has placed a 30% tariff on imported cell phones.

Name of Group	Price Before Tariff	Price After Tariff	Will the tariff Harm ☹ or Help ☺? Why?
Shareholders of Electrola, Inc.			
Owners of Cell-One, Inc.			
Finia Corporation, Producers of Cell Phones in Finland			
Excellories, Inc., Producers of Cell Phone Accessories	X	X	
Teenage Consumers in the United States	X	X	
Workers at Electrola, Inc.	X	X	

Most economists think that free trade is a good idea because everyone benefits with better living standards. Even though it is a good idea, many barriers to trade exist. Barriers to trade can be tariffs, quotes, subsidies, product standards or embargoes. Barriers to trade raise some prices and reduce choices. This activity will look at how a tariff will affect the market for cell phones.

Situation: The U.S. Government has placed a 30% tariff on imported cell phones.

Name of Group	Price Before Tariff	Price After Tariff	Will the tariff Harm ☹ or Help ☺? Why?
Shareholders of Electrola, Inc.	\$195	\$195	☺ Sales of Electrola cell phones will increase and profit will increase as well. Electrola stock will increase in price.
Owners of Cell-One, Inc.	\$200	\$200	☺ Before the tariff these cell phones were the most expensive. The Cell-One cell phones are priced more competitively now. More of these phones will be purchased.
Finia Corporation, Producers of Cell Phones in Finland	\$160	\$208	☹ Finia Corporation cell phones are no longer the less expensive. Sales will decrease, because they will have to increase the price to pay the tariff.
Excellories, Inc., Producers of Cell Phone Accessories	X	X	☹ Before the tariff consumers would purchase about \$50 worth of accessories for their cell phones. Consumers will now spend more to buy the cell phone and may not spend as much on accessories.
Teenage Consumers in the United States	X	X	☹ All consumers will have to spend more to get a cell phone. Before the tariff a cell would cost at least \$160. Now with the tariff the lowest price of a cell phone is \$195, a \$35 increase.
Workers at Electrola, Inc.	X	X	☺ More workers may be hired to keep up with the increase in sales of Electrola, Inc. cell phones. If the company makes a greater profit workers may get an increase in wages.

4.10 Tariff Simulation Debrief Name _____

Date _____ Class _____

After the activity, answer the following questions in the spaces provided.

1. Are there other people or groups that would be affected? In what way?

2. How would each group be affected if new product standards were put in place?

Electronics, Inc. _____
Finia Corporation _____
Cell-One, Inc. _____
Excellories, Inc. _____
US Consumers _____

3. What if Electronics, Inc. and Cell-One, Inc. export cell phones to Finland and the country of Finland decides to impose a 50% tariff? Who will be harmed? Who will be helped?

Electronics, Inc. _____
Finia Corporation _____
Cell-One, Inc. _____
Excellories, Inc. _____
US Consumers _____

After the activity, answer the following questions in the spaces provided.

1. Are there other people or groups that would be affected? In what way?

_____ **All consumers will be affected. In Finland workers may lose their jobs. Cell phone companies and other accessory companies may also see a decrease in sales (complements). Producers of the raw materials to make cell phones may see a decrease in sales/orders as well. _____**

2. How would each group be affected if new product standards were put in place?

Hurt. If the product standard requires the company to change production methods or design. This can be expensive. If the product standard only affects products sold in the US, then foreign companies often suffer more (for example – different electrical plug needed.) The price of cell phones will increase, consumers will buy fewer cell phones and accessories.

3. What if Electronics, Inc. and Cell-One, Inc. export cell phones to Finland and the country of Finland decides to impose a 50% tariff? Who will be harmed? Who will be helped?

This is how ‘trade wars’ start.

In the long run, tariffs have a negative effect on all people involved. In Finland the price of an Electrola, Inc. cell phone will be \$292.50 and Cell-One phone will be \$300.00. The Finish made cell phone (Finia) will be almost half the price of a cell phone made in the US.

Workers at Electrola, Inc.

You are a worker at Electrola, Inc., the largest manufacturer of cell phones in the United States. The company's main competitor is a company from Finland that exports many cell phones to the United States. If your company does not keep up its present sales level, you will be laid off from work.

The average price of a cell phone that you help make is \$195.00.

Will the tariff help you or harm you? Why? How?

Cell-One, Inc.

You are the owners of Cell-One, Inc., a new U.S. firm producing cell phones. Being a small, new company, your production costs are rather high, making the average price of your cell phones \$200.00.

Will the tariff help you or harm you? Why? How?

Excellisories Producers, Inc.

You are the producers of cell phone accessories in the United States. You produce the chargers, faceplates, covers, hands-free devices and car kits for cell phones. Your sales depend on the sales of cell phones to U.S. consumers. The lower the price of cell phones, the more consumers will buy the cell phones and your accessories. Your accessories are produced for either domestic or foreign cell phones. The average consumer spends about \$50 on cell phone accessories that you produce.

Will the tariff help you or harm you? Why? How?

Finia Corporation

You work for Finia Corporation a producer of cell phones in Finland. You can make your product at a cost that allows you to sell a cell phone for an average of \$160.00. You export many cell phones to the U.S.. Customers in the United States buy most of your cell phones.

If there is a 30% tariff, then you will have to increase your price by \$48. The new price of your cell phone will be \$208.00.

Will the tariff help you or harm you? Why? How?

Shareholders of Electrola, Inc.

You represent the shareholders of stock in Electrola, Inc., the largest producer of cell phones in the United States. Electrola, Inc. can make cell phones at a cost of \$195.00. The main competition in this market is from Finia Corporation, a company in Finland. Finia Corporation sells their cell phones for \$160.00 without any tariff.

Will the tariff help you or harm you? Why? How?

Teenage Consumers in the United States

You are teenage consumers in the United States. When you went shopping for cell phones you found the following:

Company	Where the cell phone is manufactured	Price (without tariff)	Price (with proposed tariff)
Electrola, Inc.	USA	\$195.00	\$195.00
Finia Corporation	Finland	\$160.00	\$208.00
Cell-One, Inc.	USA	\$200.00	\$200.00

Would the tariff affect which cell phone you are most likely to buy?
Would the tariff affect how you spend money on other goods and services?

Assessment 1

Why Trade Unit Econ 4 – Concept 1 – Why should countries trade?

Part 1 - Vocabulary

trade voluntary exchange interdependence standard of living productive resources scarcity

1. Amount of goods and services per person in a country
2. Exchanging goods, services, and resources for other goods, services and resources, or for money
3. The things used to produce a good or service
4. People must depend on other people to get the things they want
5. Trading without anyone forcing you to do so
6. The condition of not being able to get all the goods and services one wants because human wants exceeds the quantity of goods and services that can be produced using all available resources

Part 2

Directions – Read the passage and use the information from the passage to answer the 3 questions.

Madison High School recently built a new auditorium with air conditioning and state-of-the-art lighting and sound. Because the construction was expensive, no funds were left over to maintain the football field. The football field is so bad that officials fear players will get injured.

Madison's rival, Central High School, has a beautiful new football stadium, but its auditorium has been closed for fear that the ceiling will collapse. The School Board has set aside funds in next year's budget for renovating the auditorium. So, for this year, Central High School's music and drama students will not be able to perform.

Students at Central have proposed that Madison use Central's football stadium for six games. In exchange, Central will use Madison's auditorium for its fall and spring school plays and concerts.

1. Why would people from these two schools be willing to make this trade?
 - A. Because the schools are lacking economic systems.
 - B. Because the schools are lacking scarcity.
 - C. Because both schools trade .
 - D. Because both schools resources are scarce.
2. How is this trade similar to trade between countries? Support your answer with an example using actual countries or those from the class simulation.

3. How does trading between people in different countries or between people from two different high schools create interdependence?
 - A. Because only Madison needs resources
 - B. Because only Central needs resources
 - C. Because both schools depend on each other for resources
 - D. Because both schools specialize in fine arts performances and sporting events.

Assessment 2

1. "The U.S. government places a tax on all imported cars."
A. subsidy B. quota C. tariff D. standard E. embargo
2. "The U.S. government limits the amount of sugar imported into the U.S."
A. subsidy B. quota C. tariff D. standard E. embargo
3. "The U.S. government restricts all import and exports with Afghanistan due to the War on Terrorism"
A. subsidy B. quota C. tariff D. standard E. embargo
4. "The U.S. government gives a grant to all U.S. steel producers to help lower their costs and increase their production."
A. Subsidy B. quota C. tariff D. standard E. embargo
5. "The U.S. government places a tax on all imported cars." Who **Benefits**?
A. The Domestic Consumer B. The foreign Producer
C. Domestic Producer D. Foreign Consumer
6. "The U.S. government limits the amount of sugar imported into the U.S. by 1 ton per year." Who **loses**?
A. The Domestic Consumer B. The foreign Producer
C. Domestic Producer D. Foreign Consumer
7. "The U.S. government increases the amount of imported peanuts allowed into the country by 100 million pounds per year."

Who benefits? _____

Who loses? _____

What is gained? _____

What are the costs? _____