Lesson 10:
Trade Connections

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Standards and Benchmarks (see page 10.11-10.12)

Lesson Description
Students wear clothing and bring goods from other countries for an International Goods Day. Students review basic ideas about international trade from previous lessons.

Grade Level
6-8

Concepts
Goods
International trade
Trade

Objectives
Students will be able to
• define goods, international trade, and trade; and
• explain how international trade connects people of different countries.

Compelling Question
Why do people trade?

Time Required
Day 1: 5-10 minutes
Day 2: 30-45 minutes
Materials
- Visual 10-1, one copy for the teacher to display
- Handouts 10-1, 10-2, and 10-3, one copy of each for each student
- Wall map of the world or an online world map (https://geology.com/world/world-map.shtml; https://www.mapsofindia.com/worldmap/clickable-world-map.html)

Procedure

Day 1
1. Explain that goods are objects that satisfy people’s wants and that international goods are imports to the United States. An import is a good or service produced abroad but sold domestically. People in this country trade goods from this country to get goods from people in other countries. Trade is the exchange of resources, goods, or services for other resources, goods, or services, or for money; and international trade is trade between different countries.

2. Tell the students that their class will have an “International Goods Day.” On this day, each student should (1) wear an article of clothing made in another country; (2) bring a good other than clothing that was made in another country; and (3), if possible, bring a souvenir purchased on a trip to another country that represents something special or unique about that country. Encourage students to look for items from two different countries. Distribute a copy of Handout 10-1: International Goods Day Letter to each student and tell them to share it with a parent or guardian.

Day 2
1. Draw two columns on the board. Label the first column “Country” and the second column “Good.” Invite each student to show what he or she has worn and brought. Have students explain the significance of any souvenirs they may have brought. As students show their clothing and goods, record the information in the table.

2. After all the students have shown their goods, distribute a copy of Handout 10-2: Trading Countries and World Regions to each student. Refer to the first country listed in the table on the board and have a student locate the country on a world map. Tell him or her to identify in which world region the country is located. Then have all students list that country next to the region on Handout 10-2 and place a tally mark in the “Number of goods” column.

3. When the class has completed Handout 10-2, discuss the following, telling the students they may refer to the table on the board and the information on Handout 10-2:
   - From which areas or regions of the world did many of the items come? (The answers are likely to be Asia and Central America.)
• From which areas or regions of the world did the fewest items come? *(There are probably not many items from South America or Africa.)*

• Why do you think there are so few items from these regions? *(Answers will vary.)*

4. Explain that there are some countries from which people in the United States don’t import many goods. This may occur because people in those countries tend to export more natural resources, such as oil, and don’t tend to export many goods. It may also occur because people in these countries do not produce goods that people in the United States want at this time. There are also some countries and regions from which the people in the United States buy many goods. Point out that the five countries with which the United States trades the most (our main trading partners) are Canada, China, Germany, Japan, and Mexico.

5. Explain that trade connects people around the world. Americans consume goods that were produced in other countries, and people in other countries consume goods that were produced in the United States. People developed faster ways to move goods and resources and better methods of communication. As a result, it is easier for people from different countries around the world to trade with each other.

6. Ask the students what they learned from their classmates today about the people and customs of other countries. *(Answers will vary, but students probably learned some things when their classmates explained the significance of the souvenirs they brought.)* Point out that when people trade with people from other countries, they can learn a lot about a country, its people’s resources, and their customs.

7. Display Visual 10-1: International Trade and discuss the basic ideas of trade as follows:

• **People gain from voluntary trade.** Ask the students to give an example of a voluntary trade they’ve made and to explain how both traders gained from the exchange *(Lesson 2: Let’s Make a Deal). (If someone traded one baseball or other trading card for another, each trader is happier with the new card than they were with the old. If someone bought a new pair of jeans, the consumer has an attractive and useful piece of clothing to wear, and the store owner has received money for the jeans.)*

• **People should specialize in producing those goods they can produce at a lower opportunity cost.** Ask the students to identify an example of specialization at home among family members or in school among teachers or staff to explain why this specialization results in a lower opportunity cost *(Lesson 3: The Tortoise and the Hare). (The music teacher specializes in the music area. The classroom teacher is able to specialize in a content area(s). This reduces the cost for both the music teacher and the classroom teacher—neither must spend time preparing lessons in different areas of study, which would be time consuming.)*

• **When people specialize and trade, they can get more from the same amount of resources.** Remind the students that as Aquans and Terrans *(Lesson 5: Tricks of the
Trade), they specialized and traded pies and brownies. As a result, both Aquans and Terrans had more pies and brownies to consume.

- **Exports are goods traded out of a country, while imports are goods brought into a country.** Ask the students for examples from today’s activity. (Answers will vary.) Ask them for examples of goods or resources that the United States exports. (Corn, soybeans, cars, airplanes, computers, oil)

- **Trade barriers reduce the amount of trading and the gains that are possible from trade.** Remind the students that in the jumping and hurdling activity (Lesson 7: Trading Hurdles) and the tennis ball activity (Lesson 9: The Road to Riches) they encountered barriers to trade. Point out that mountains, deserts, high winds, and high seas were examples of geographic barriers to trade. Tariffs, quotas, and government standards and regulations were government-imposed barriers to trade. Discuss the following:
  - What is a tariff? (A tax on imported goods)
  - What is a quota? (A limit on the quantity of a good that can come into a country)

- **Money makes trading easier.** Remind the students that money is anything that is generally accepted in exchange for goods and services (Lesson 8: Pieces of Paper).

- **People in different countries use different monies, so these must be exchanged before goods may be traded.** Ask the students why merchants in the United States are willing to accept U.S. dollars but not Japanese yen for goods and services (Lesson 1: Ringgits, Rupees, and Rials). (U.S. merchants know they can use dollars to buy other goods and services in the United States; however, they cannot use yen.)

- **Trade routes change as the way people and goods can be transported changes.** Remind the students that technology is the application of knowledge to the production of goods and services. Transportation technology is the way in which we move goods and services. Ask the students for examples of how the technology of transportation has changed (Lesson 9: The Road to Riches). (From people carrying goods; to animals carrying goods; to boats, ships, and wagons carrying goods; to trains, trucks, and planes carrying goods)

8. Discuss the following:

- Have you heard the expression, “It’s a small world”? (Students may have heard the expression used, or they may have heard it as part of a refrain to a song with a similar title.)

- What do you think this expression means? (Answers will vary. Guide students to recognize that this expression is used when an event occurs that suggests you can meet others and know people from all over the world. For example, if a person travels out of the country and meets someone from their neighborhood in that country, they might say, “It’s a small world.”)

- How does trade make it a small world? (When we trade, we use goods and services from other places. It seems as though we are closer to other parts of the world as a result. We may also learn about the goods and resources used in other countries.)
Closure

9. Discuss the following to emphasize the major points of the lesson:
   • Why do people engage in voluntary trade? (They expect to gain from trading.)
   • In what production should people specialize? (They should specialize in producing the goods and services they can produce at the lowest opportunity cost.)
   • How can people produce and consume more goods and services from the same amount of resources? (By specializing and trading)
   • What is an export? (A resource, good, or service that is produced domestically but sold abroad)
   • What is an import? (A resource, good, or service that is produced abroad but sold domestically)
   • What are some examples of trade barriers? (Tariffs, quotas, embargos, standards, geographic barriers)
   • What is the impact of trade barriers? (They reduce trade and the gains possible from trade.)
   • Why do people use money to trade? (It makes trading easier.)
   • If people want to buy goods and services from another country, what must they do? (Exchange currency)
   • What is technology and how does it affect trade? (Technology is the application of knowledge to the production of goods and services. Technology changes the way people move goods and services, which changes trade routes.)

Assessment

10. Distribute a copy of Handout 10-3: Assessment to each student. Allow time for the students to work and then review the answers as follows:

Multiple Choice

1. Which of the following is not an example of international trade?
   a. You buy shoes made in China.
   b. A girl in Japan buys a watch made in Japan.
   c. A boy in Brazil buys a skateboard made in the United States.
   d. Your parents buy a sombrero during their trip to Mexico.
2. Which of the following makes trade more difficult?
   a. Money
   b. Trade barriers
   c. Faster ways to move people and things around
   d. Better ways for people to communicate with one another

3. Which of the following countries is not a main trading partner of the United States?
   a. Mexico
   b. Canada
   c. Japan
   d. Spain

Short Answer

4. How has international trade made the world seem “smaller”?

   Through international trade, people have goods and resources from other countries. As a result, they are connected to those countries. Before there were large amounts of goods traded internationally, a good from, say, Japan would have been exotic, unusual, and difficult to acquire. Now goods from Japan and all over the world are available at the local grocery store or service station and are placed on shelves next to goods made in the United States. It’s as if foreign producers are as close as U.S. producers.

5. How has technology changed trade?

   As technology has changed, we are able to move goods, resources, and people more quickly from one place to another, so trade is easier and less expensive. As trading becomes easier, we trade more.

6. Why do people trade? Use an example to explain.

   People trade because they want something that other people have more than they want the things they already have. People expect to be better off/happier after trading than they were before trading. For example, if I buy a ticket to the movies, I expect to enjoy the movie more than I would enjoy something else that I could have bought with the ticket money.
Visual 10-1: International Trade

1. People gain from voluntary trade.

2. People should specialize in producing those goods they can produce at a lower opportunity cost.

3. When people specialize and trade, they can get more from the same amount of resources.

4. Exports are goods traded out of a country, while imports are goods brought into a country.

5. Trade barriers reduce the amount of trading and the gains that are possible from trade.


7. People in different countries use different monies, so these must be exchanged before goods may be traded.

8. Trade routes change as the way people and goods can be transported changes.
Handout 10-1: International Goods Day Letter

Dear Parent/Guardian:

As the final activity in our international trade unit, our class is having an International Goods Day. This event is planned for ________________.

For this event, each child should (1) wear an article of clothing made in a country other than the U.S.; (2) bring a good, other than clothing, that was made in a country other than the U.S.; and (3), if possible, bring a souvenir purchased on a trip to another country that represents something special or unique about that country. Please encourage your child to look for items from two different countries.

Thank you for your help in making our International Goods Day a success.

Sincerely,
### Handout 10-2: Trading Countries and World Regions

<table>
<thead>
<tr>
<th>Regions</th>
<th>Countries</th>
<th>Number of goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central America</td>
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<td></td>
</tr>
<tr>
<td>Europe</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South America</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Handout 10-3: Assessment

**Multiple Choice**

Directions: Choose the correct answer for each of the following questions.

1. Which of the following is not an example of international trade?
   a. You buy shoes made in China.
   b. A girl in Japan buys a watch made in Japan.
   c. A boy in Brazil buys a skateboard made in the United States.
   d. Your parents buy a sombrero during their trip to Mexico.

2. Which of the following makes trade more difficult?
   a. Money
   b. Trade barriers
   c. Faster ways to move people and things around
   d. Better ways for people to communicate with one another

3. Which of the following countries is not a main trading partner of the United States?
   a. Mexico
   b. Canada
   c. Japan
   d. Spain

**Short Answer**

Directions: Answer the questions below using complete sentences.

4. How has international trade made the world seem “smaller”?

5. How has technology changed trade?

6. Why do people trade? Use an example to explain.
Standards and Benchmarks

National Content Standards in Economics

Standard 5: Trade

Voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and among individuals or organizations in different nations.

- **Benchmarks: Grade 4**
  1. Exchange is trading goods and services with people for other goods and services (called barter) or for money.
  2. People voluntarily exchange goods and services because they expect to be better off after the exchange. This also may include the more informal exchanges of favors and courtesies.

- **Benchmarks: Grade 8**
  1. When people buy something, they value it more than it costs them; when people sell something, they value it less than the payment they receive.
  2. Despite the mutual benefits from trade among people in different countries, many nations employ trade barriers to restrict free trade for national defense reasons, to protect key industries or because some companies and workers are hurt by free trade.
  3. Imports are foreign goods and services that are purchased from sellers in other nations.
  4. Exports are domestic goods and services that are sold to buyers in other nations.
  5. Voluntary exchange among people or organizations gives people a broader range of choices in buying goods and services.

Standard 6: Specialization

When individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase.

- **Benchmarks: Grade 4**
  1. Economic specialization occurs when people concentrate their production on fewer varieties of goods and services than they consume.
  2. Greater specialization leads to increasing interdependence among producers and consumers.

- **Benchmark: Grade 12**
  1. Individuals and nations have a comparative advantage in the production of goods or services if they can produce a product at a lower opportunity cost than other individuals or nations.
Standard 11: Money and Inflation
Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services. The amount of money in the economy affects the overall price level. Inflation is an increase in the overall price level that reduces the value of money.

- Benchmark: Grade 4
  1. Money is anything widely accepted as final payment for goods and services.

Standard 15: Economic Growth
Investment in factories, machinery, new technology, and in the health, education, and training of people stimulates economic growth and can raise future standards of living.

- Benchmarks: Grade 8
  3. Technological change results from an advance in knowledge leading to new and improved goods and services and better ways of producing them.
  4. Increases in productivity can result from advances in technology or increases in physical or human capital.