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LESSON DESCRIPTION

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.

This trading activity is based on a lesson from *Focus: International Economics*, National Council on Economic Education, 1998.

ECONOMIC CONCEPTS

Exchange (trade)
Imports
Exports

OBJECTIVES – Students will:

- Define exchange, imports, and exports.
- Explain that people voluntarily exchange goods and services because they expect to better off after the exchange.
- Explain that voluntary exchange among people or organizations in different countries gives people a broader range of choices in buying goods and services.
- Explain why countries may import the same type of products that they export.

TIME REQUIRED

Two class periods

MATERIALS

- Paper lunch bag for each student (Evenly number the bags 1 through 5.)
- Small items for trade – variety of candy, variety of stickers, variety of pencils, variety of other items (Place a trade item in each bag.)
- Three small pieces of scrap paper for each student
- Copy of Activity 6.1 cut apart to provide one card per pair of students
- Copy of Activity 6.2 for each pair of students

PROCEDURE
Day One

1. Ask for examples of exchanges students have made in the last few days. (*money for lunch, an apple from their lunch for a banana from someone else's lunch, money for a haircut*)

2. Generalize that **exchange** takes place when people trade goods and services for other goods and services or for money.

3. Explain that students will participate in an exchange activity. Distribute a paper bag to each student.

4. Tell students to look in the bag but not to tell anyone what is in it. 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 item in their bags. 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.

5. Collect the pieces of scrap paper and add the numbers. On the board, write the heading "Round 1." Under the heading, write the total level of happiness in the classroom.

6. 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.

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

8. Allow a few minutes for students 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.

9. Collect the pieces of scrap paper and add the numbers. Write the heading "Round 2" on the board. Under the heading, write the total level of happiness in the classroom.

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

11. 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.

12. Collect the pieces of scrap paper and add the numbers. Write the heading "Round 3" on the board. Under the heading, write total level of happiness in the classroom. Discuss the following.

    a. What happened to the level of happiness from round one to round two? (*increased*) From round two to round three? (*increased*)

b. Why do you think this happened? (*People were able to trade for an item that they wanted more than the item they had.*)
c. Were you required to make a trade? (*No, trade/exchange was voluntary.*)
d. In which round of this activity was there a greater variety of goods available for consumers? (*the third round*) Why? (*Students could trade with many people who had different goods*)
e. Many people had candy (stickers or pencils); yet, they traded for candy (stickers or pencils). Why? [*wanted a different type of candy (sticker or pencil) than they had, liked the other candy (sticker or pencil) more than the candy (sticker or pencil) they had, wanted some of each type*]

13. Explain that people engage in voluntary exchange because they expect to be better off after the exchange. In this example, students exchanged one item for another because they thought they would be better off (or happier) with the new item than they were with the item they had.

14. Ask why students are willing to exchange $15 for a new T-shirt or for a new CD at a store? [*They want (value) the T-shirt or CD more than they want (value) another good or service that could have been purchased with $15. They expect to be better off with the T-shirt or CD than they will be with anything else they could buy with $15.*]

15. Point out that, similar to the classroom exchange activity, people and organizations in different countries engage in exchange or trade. When people and organizations in different countries export and import goods and services, they are engaged in trade/exchange. **Imports** are foreign goods and services purchased from sellers in other nations. **Exports** are domestic goods and services sold to buyers in other nations.

16. Explain that, 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.

17. Point out that trade among people or organizations in different countries also gives 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.

Day Two

1. Divide the class into pairs. Give a card from Activity 6.1 and a copy of Activity 6.2 to each pair. Point out the following.

   - Each card lists information about the exports and imports of one of twelve countries. The products listed are the major or largest exports and imports for each country. For example, a major export of Kenya is tea. A major import of Kenya is machinery and transportation equipment.
   - Each table lists major export and import partners for each country. Export partners are those to whom people and organizations in a country sell goods and services they produce. Import partners are those from whom people and organizations in a country buy goods and services.

2. Explain that to make discussion easier, students will list information about each country on Activity 6.2. Tell students to write the name of the country in the circle on the chart.

3. 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 6.2. 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.

4. After students have completed the work, each pair will be asked to share import and export information about its country with the rest of the class.

5. When students have completed the work, allow time for them to share information with the class. Tell students that they should listen for information to answer the questions on the handout.

6. When the presentations are complete, discuss the following.

   a. Most often, are major trading partners nearby or far from one another? (*nearby*) Why? (*The less distance between the countries, the easier and less expensive it is to trade.*)
   b. Why don't the people in a country produce all goods and services they want? (*They do not have all the necessary resources to produce all products they want.*)
   c. The largest import and export trading partners for the United States are Canada, Mexico, and Japan. How are these three countries similar? (*Canada and Mexico are located*

near the United States. Canada, Japan and the United States are industrial countries.)

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

7. Point out that many of the countries the students learned about imported the same type of goods that they exported. 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.

8. Remind students that in the trading activity some traded candy for candy, pencils for pencils, or stickers for stickers. Candy is a broad category of production. There are many different kinds of candy. Specialization occurs within candy production. There are candy manufacturers who specialize only in chocolate candy. People specialize in the production of one type of candy and trade for another type.

9. Explain that similar things happen with trade between people and organizations in different countries. For example, another production category is commercial aircraft. The aircraft industry in the USA exports large commercial airliners. However, American airlines import small commercial planes and large commercial aircraft that differ from those produced in the United States.

10. 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. (*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 and exports machinery 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.*)

11. 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 the other country. The differences make the products desirable in the other country. For example, Japanese cars imported to the U. S. are in some way different from U. S. cars. These differences make the cars desirable to those in the United States.

12. Have students post their copies of Activity 6.2 on a wall or bulletin board and create a title for the board, "Charting Imports and Exports." (See extension activities 1 and 2 for additions to the bulletin board display.)

CLOSURE

Review the key points of the lesson using the following discussion questions.

1. What is exchange? (*people trading goods and services for other goods and services or for money*)

2. Why do people participate in voluntary exchange? (*They expect to be better off.*)

3. Give examples of times you engaged in voluntary exchange. (*using money to buy food, movie tickets, and other goods and services; trading lunch items at school*)

4. Why are you willing to exchange money for food, a movie ticket or other goods and services? (*value the food or movie ticket more than other things that could be purchased with the money; expect to be better off*)

5. Why are you willing to exchange an item from your lunch for an item from someone else's lunch? (*value it more than the item they have; expect to be better off*)

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

7. Give examples of products the United States imports. (*shoes, clothing, cars, machinery*)

8. What are exports? (*domestic goods and services sold to buyers in other nations*)

9. Give examples of products the United States exports. (*cars, machinery, computers, software, movies, agricultural products*)

10. When you were able to trade with more students in the classroom, what happened to the number and type of goods available? (*There were more and different types of goods available.*)

11. When people in one country trade with people in other countries, what happens to the amount and type of goods available? (*There are more goods available. There's a larger variety of goods available.*)

12. 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 way differs from the product produced in another country.*)

13. 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*)

ASSESSMENT

Have students answer the following questions.

1. Why do people and organizations in the United States import the same type of products that they export, such as cars and airplanes?

2. If people in your state were only able to trade with other people in the state, what would happen to the variety of goods and services available in your state?

3. Serena gave Mike the yogurt from her lunch in exchange for his apple. Why were Serena and Mike willing to make this exchange?

EXTENSION

1. Have students check at home for items from the twelve countries in Activity 6.1. Create a list of the number and types of products imported from these countries. Have students answer the following questions.

   - Are these products similar to products produced in the United States?
   - Why did your family purchase these products?

2. Have students create a graph representing the quantities of imports the class identified from each country. Have students add these charts and other information they acquired to the bulletin board display created at the end of the lesson.

Activity 6.1 (Update)

Country	**Kenya**
Exports	tea, horticultural products, coffee, petroleum products, fish, cement
Export Value	$6.36 billion (2016 est.)
Export Partners	Uganda 11.2%, US 8.3%, Tanzania 8.1%, Netherlands 7.4%, UK 6%, Pakistan 4.2% (2015)
Imports	machinery and transportation equipment, petroleum products, motor vehicles, iron and steel, resins and plastics
Import Value	$16.34 billion (2016 est.)
Import Partners	China 30%, India 15.5%, UAE 5.7%, US 4.8%, Japan 4.7% (2015)

Country	**China**
Exports	electrical and other machinery, including data processing equipment, apparel, furniture, textiles, integrated circuits
Export Value	$2.01 trillion (2016 est.)
Export Partners	US 18%, Hong Kong 14.6%, Japan 6%, South Korea 4.5% (2015)
Imports	electrical and other machinery, oil and mineral fuels; nuclear reactor, boiler, and machinery components; optical and medical equipment, metal ores, motor vehicles; soybeans
Import Value	$1.44 trillion (2016 est.)
Import Partners	South Korea 10.9%, US 9%, Japan 8.9%, Germany 5.5%, Australia 4.1% (2015)

Country	United States
Exports	agricultural products (soybeans, fruit, corn) 9.2%, industrial supplies (organic chemicals) 26.8%, capital goods (transistors, aircraft, motor vehicle parts, computers, telecommunications equipment) 49.0%, consumer goods (automobiles, medicines) 15.0%
Export Value	$1.47 trillion (2016 est.)
Export Partners	Canada 18.6%, Mexico 15.7%, China 7.7%, Japan 4.2% (2015)
Imports	agricultural products 4.9%, industrial supplies 32.9% (crude oil 8.2%), capital goods 30.4% (computers, telecommunications equipment, motor vehicle parts, office machines, electric power machinery), consumer goods 31.8% (automobiles, clothing, medicines, (2008 est.)
Import Value	$2.21 trillion (2016 est.)
Import Partners	China 21.5%, Canada 13.2%, Mexico 13.2%, Japan 5.9%, Germany 5.5% (2015)

Country	France
Exports	machinery and transportation equipment, aircraft, plastics, chemicals, pharmaceutical products, iron and steel, beverages
Export Value	$505.4 billion (2016 est.)
Export Partners	Germany 15.9%, Spain 7.3%, US 7.2%, Italy 7.1%, UK 7.1%, Belgium 6.8% (2015)
Imports	machinery and equipment, vehicles, crude oil, aircraft, plastics, chemicals
Import Value	$525.4 billion (2016 est.)
Import Partners	Germany 19.5%, Belgium 10.7%, Italy 7.7%, Netherlands 7.5%, Spain 6.8%, US 5.5%, China 5.4%, UK 4.3% (2015)

Country	Mexico
Exports	manufactured goods, oil and oil products, silver, fruits, vegetables, coffee, cotton
Export Value	$359.3 billion (2016 est.)
Export Partners	US 81.1% (2015)
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	$372.8 billion (2016 est.)
Import Partners	US 47.3%, China 17.7%, Japan 4.4% (2015)

Country	Egypt
Exports	crude oil and petroleum products, fruits and vegetables, cotton, textiles, metal products, chemicals, processed food
Export Value	$14.73 billion (2016 est.)
Export Partners	Saudi Arabia 9.1%, Italy 7.5%, Turkey 5.8%, UAE 5.1%, US 5.1%, UK 4.4%, India 4.1% (2015)
Imports	machinery and equipment, foodstuffs, chemicals, wood products, fuels
Import Value	$50.07 billion (2016 est.)
Import Partners	China 13%, Germany 7.7%, US 5.9%, Turkey 4.5%, Russia 4.4%, Italy 4.4%, Saudi Arabia 4.1% (2015)

Country	Australia
Exports	coal, iron ore, gold, meat, wool, alumina, wheat, machinery and transport equipment
Export Value	$184.3 billion (2016 est.)
Export Partners	China 32.2%, Japan 15.9%, South Korea 7.1%, US 5.4%, India 4.2% (2015)
Imports	machinery and transport equipment, computers and office machines, telecommunication equipment and parts; crude oil and petroleum products
Import Value	$203.1 billion (2016 est.)
Import Partners	China 23%, US 11.2%, Japan 7.4%, South Korea 5.5%, Thailand 5.1%, Germany 4.6% (2015)

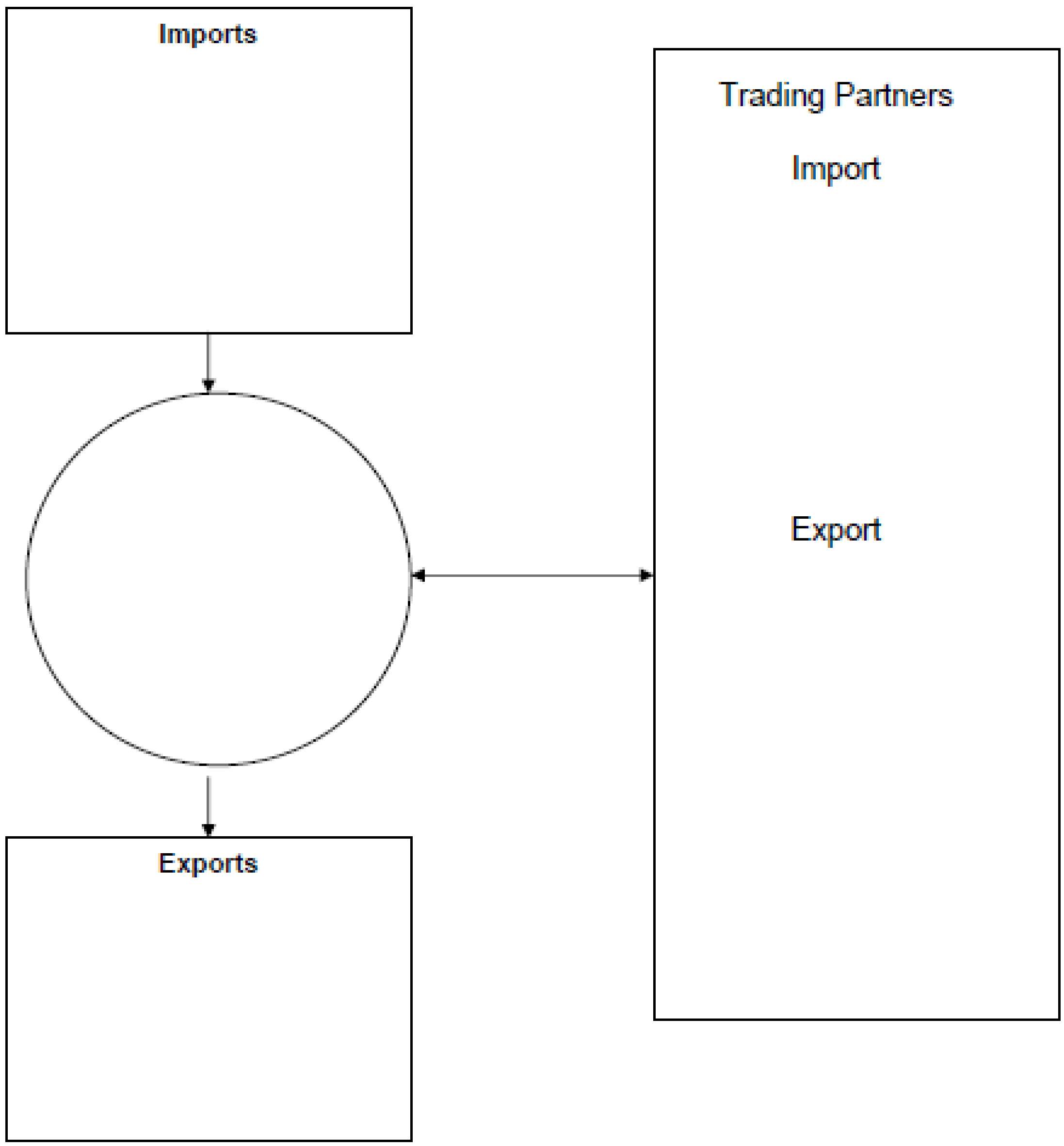
Country	Democrat Republic of the Congo
Exports	diamonds, copper, gold, cobalt, wood products, crude oil, coffee
Export Value	$9.316 billion (2016 est.)
Export Partners	China 43.5%, Zambia 25%, South Korea 4.9%, Belgium 4.8% (2015)
Imports	foodstuffs, mining and other machinery, transport equipment, fuels
Import Value	$774 million (2016 est.)
Import Partners	China 20.6%, South Africa 17.7%, Zambia 12.3%, Belgium 6.9%, Zimbabwe 5.1%, India 4.7% (2015)

Country	Peru
Exports	copper, gold, lead, zinc, tin, iron ore, molybdenum, silver; crude petroleum and petroleum products, natural gas; coffee, asparagus and other vegetables, fruit, apparel and textiles, fishmeal, fish, chemicals, fabricated metal products and machinery, alloys
Export Value	$38.09 billion (2016 est.)
Export Partners	China 22.1%, US 15.2%, Switzerland 8.1%, Canada 7% (2015)
Imports	petroleum and petroleum products, chemicals, plastics, machinery, vehicles, TV sets, power shovels, front-end loaders, telephones and telecommunication equipment, iron and steel, wheat, corn, soybean products, paper, cotton, vaccines and medicines
Import Value	$38.35 billion (2016 est.)
Import Partners	China 22.7%, US 20.7%, Brazil 5.1%, Mexico 4.5% (2015)

Country	Saudi Arabia
Exports	petroleum and petroleum products 90% (2012 est.)
Export Value	$205.3 billion (2016 est.)
Export Partners	China 13.2%, Japan 10.9%, US 9.6%, India 9.6%, South Korea 8.5% (2015)
Imports	machinery and equipment, foodstuffs, chemicals, motor vehicles, textiles
Import Value	$157.7 billion (2016 est.)
Import Partners	China 13.9%, US 12.7%, Germany 7.1%, South Korea 6.1%, India 4.5%, Japan 4.4%, UK 4.3% (2015)

Country	Czech Republic or Czechia
Exports	machinery and transport equipment, raw materials, fuel, chemicals
Export Value	$141.7 billion (2016 est.)
Export Partners	Germany 32.4%, Slovakia 9%, Poland 5.8%, UK 5.3%, France 5.1%, Austria 4.1% (2015)
Imports	machinery and transport equipment, raw materials and fuels, chemicals
Import Value	$132.4 billion (2016 est.)
Import Partners	Germany 30%, Poland 9%, China 8.3%, Slovakia 6.6%, Netherlands 5%, Austria 4.1% (2015)

Country	Ukraine
Exports	ferrous and nonferrous metals, fuel and petroleum products, chemicals, machinery and transport equipment, foodstuffs
Export Value	$33.97 billion (2016 est.)
Export Partners	Russia 12.7%, Turkey 7.3%, China 6.3%, Egypt 5.5%, Italy 5.2%, Poland 5.2% (2015)
Imports	energy, machinery and equipment, chemicals
Import Value	$38.3 billion (2016 est.)
Import Partners	Russia 20%, Germany 10.4%, China 10.1%, Belarus 6.5%, Poland 6.2%, Hungary 4.2% (2015)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