

TEACHING FREE ENTERPRISE IN TEXAS

GUIDE FOR TEACHERS



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BRIDWELL INSTITUTE
FOR ECONOMIC FREEDOM

INTRODUCTION TO THE PROGRAM

The Bridwell Institute for Economic Freedom developed this Teaching Free Enterprise program to help Texas educators gain valuable content knowledge and expertise in order to meet the Texas Economics TEKS regarding Free Enterprise in classroom instruction. Top economics scholars from various higher education and research institutions are providing lessons, activities and exercises that can be readily implemented in the classroom.

This document presents one of the units that address some of the most important, yet often misunderstood, aspects of free-enterprise economies.

Q&A

01 *How should this curriculum be used?*

The modules can be taught individually or in sequence in whatever order the educator prefers. The educator can always use this guide and the materials that are available on:

 teachingfreeenterprise.com

02 *What time of year is best?*

In Texas, Economics is a One-Half Credit Course per semester class. Most schools offer it twice a year. You can use these materials anytime during the semester.

03 *What grade level?*

The modules are designed for 8-12 grade implementation.

04 *Do I need written permission to use the lessons?*

The use of these lessons and materials in a classroom setting for any educational purpose is allowed. In order to make copies to share with colleagues please contact us for written authorization, although we probably have extra copies of this manual for shipping. There are unique users that we need to set up for the online portal in order to let the system function properly and teachers to have ease of use, thus free individual registration is the best possible choice.

05 *How do I get started?*

We strongly recommend giving a complete read through this manual first, then watch some of the online videos of the presentation you attended in case you missed something or didn't attend. Once these steps are taken, decide if you are making copies or using the slides provided in the website, then you are ready to go!

06 *Technology Requirements*

The <http://TeachFreedomTX.org> website is designed to function in all commercially available operating systems and browsers.

If you are planning to project the videos to students, we recommend a large screen set up with a projector or a large monitor for students to be able to see from any portion of the room.

07 *How are the lessons organized?*

_____	Title
_____	Introduction
_____	Guiding Questions
_____	Objectives
_____	Suggested Lesson Length
_____	TEKS Standards
_____	Background Reading for direct teaching or adaptations for student reading.
_____	Suggested Classroom Procedures
_____	Classroom Ready Materials
_____	Additional Resources and References from highly regarded institutions.

08

How much time per lesson?

Each unit is designed for 90 minutes of classroom interaction with students. It can be taught over 90 minutes with a small break (block schedule) or over two consecutive days with 45 minutes of instruction each (traditional schedule).

09

Alignment to Standards

These lesson plans, materials and activities align with:

19 TAC Chapter 113: Texas Essential Knowledge and Skills for Economics with Emphasis on the Free Enterprise System and Its Benefits

The modules can be taught individually or in groups in whatever order the Teacher prefers.

10

How do I assess student learning?

In the online portal, available for printing:



There is one quiz per unit with 10 multiple choice questions each.

There is one test per unit with 15 multiple choice questions each.

Student Activity Worksheets are also included with each unit.

CONTACT THE DEVELOPING TEAM



You can click on Contact Us on the <http://TeachFreedomTX.org> website to show our most updated contact information, or contact us directly at the Bridwell Institute for Economic Freedom at: <http://smu.edu/bridwell-institute>

TRADE

TEACHING FREE ENTERPRISE IN TEXAS



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BRIDWELL INSTITUTE
FOR ECONOMIC FREEDOM

TRADE

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INTRODUCTION

People have been trading with each other since the dawn of time. People living near the sea would trade fish with people living inland in exchange for their cattle for example. This continues to the present, when Floridians sell oranges and buy salmon from Alaskans. People can also specialize in certain things to enhance their ability to trade. One person can study to become an architect while another studies to become a dentist. The architect sells his building designs and buys his dentistry services. If the architect was a country, we could even say the architect exports building plans and imports dental services. Thanks to developing transportation technologies, we have been able to shorten travel times. This has brought about the ever-expanding development of trade around the globe. This unit focuses on the advantages of trade and on how trade increases our quality of life and overall happiness.

GUIDING QUESTIONS

01

Why is trade mutually beneficial in general?

02

When is trade not mutually beneficial?

03

What is the concept of Comparative Advantage and why does it enhance our productivity?

OBJECTIVES

Students will role-play and negotiate in the Trading Game. (TG)

Students will differentiate the effects of regulation and the unintended or intended consequences of it.

Students will rate the flavor of soda when produced with sugar vs. corn syrup understanding how trade barriers and quotas distort markets.

Students will collaborate, collect, categorize and classify data to create their own happiness from trade chart. (TG)

Students will demonstrate mastery by explaining in terms of opportunity cost the next best alternatives of their choices.

Students will hypothesize the outcome, gather and organize data obtained during the garment exercise.

SUGGESTED LENGTH



It can be divided into two 45 minute segments.

TEXAS ESSENTIAL KNOWLEDGE AND SKILLS / CHAPTER 118.4

§118.4

Economics	3	A, B, C
Economics	4	A, B
Economics	11	C
Social studies skills	22	C
Social studies skills	23	A, B, C, D, E
Social studies skills	24	A, B

KNOWLEDGE AND SKILLS

03

Economics. The student understands the reasons for international trade and its importance to the United States and the global economy. The student is expected to:

- a** Explain the concepts of absolute and comparative advantages.
- b** Apply the concept of comparative advantage to explain why and how countries trade.
- c** Analyze the impact of U.S. imports and exports on the United States and its trading partners.

04

Economics. The student understands the issues of free trade and the effects of trade barriers. The student is expected to:

- a** Compare the effects of free trade and trade barriers on economic activities.
- b** Evaluate the benefits and costs of participation in international free-trade agreements.

11

Economics. The student understands key components of economic growth. The student is expected to:

_____ **c**

Analyze how trade relates to growth.

22

Social studies skills. The student applies critical-thinking skills to organize and use information acquired from a variety of valid sources, including electronic technology. The student is expected to:

_____ **c**

Explain a point of view on an economic issue;

23

Social studies skills. The student communicates in written, oral, and visual forms. The student is expected to:

_____ **a**

Use economic-related terminology correctly;

_____ **b**

Use standard grammar, spelling, sentence structure, and punctuation;

_____ **c**

Transfer information from one medium to another, including written to visual and statistical to written or visual, using computer software as appropriate;

_____ **d**

Create written, oral, and visual presentations of economic information; and

_____ **e**

Attribute ideas and information to source materials and authors.

24

Social studies skills. The student uses problem-solving and decision-making skills, working independently and with others, in a variety of settings. The student is expected to:

_____ **a**

Use a problem-solving process to identify a problem, gather information, list and consider options, consider advantages and disadvantages, choose and implement a solution, and evaluate the effectiveness of the solution; and

_____ **b**

Use a decision-making process to identify a situation that requires a decision, gather information, identify options, predict consequences, and take action to implement a decision.

BACKGROUND ON TRADE

Why do people trade with other people? Adam Smith described the essence of trade as follows: “Give me that which I want, and you shall have this which you want.” In modern parlance, we say trade is mutually beneficial in that each party to a trade expects to benefit from the trade. The reason for this is belief is fairly obvious. If a person didn’t expect to be made better off, why would they have made the trade in the first place? Because both parties to a trade can gain from the trade; i.e., trade is a win-win proposition, new value is created when people trade. On the other hand, if people are prevented from trading, then value may be destroyed.

There are a couple of important caveats to the general assertion that trade creates value. First, the trade needs to be voluntary for us to be confident that trading creates value for the participants. When a mugger offers you the deal, “your money or your life” and consequently steals your money, he is certainly better off, but you, the victim, are clearly worse off than before the mugger arrived. Thus involuntary trades, almost by definition, are examples of win-lose exchanges. Second, although people expect that trades will make them better off in an ex ante sense, they need not make people better off in an ex post sense. Who hasn’t purchased something only to discover they didn’t like the item as much as they thought? The notion that sometimes people express regret doesn’t negate the fact that trade is still a dominant method used by people to satisfy their wants and desires.

The idea that trade is win-win is alone a powerful argument in favor of allowing people to trade with each other freely. There is another more powerful, though subtler, argument in favor of free trade. When people are free to trade, they will face incentives to specialize in producing things that they are particular good at producing, i.e., the things in which they have a “comparative advantage”.

The principle of comparative advantage states that a group of people will produce more goods and services if they individuals specialize in producing those things they can produce at the lowest opportunity cost. This idea is often best illustrated with a simple numerical example.

• As long as relative production costs of two goods differ between two countries - for example, **U.S. & Japan** - gains from trade will be possible.

COUNTRY	OUTPUT PER WORKER DAY		POTENTIAL CHANGE IN OUTPUT*	
	FOOD ⁽¹⁾	CLOTHING ⁽²⁾	FOOD ⁽³⁾	CLOTHING ⁽⁴⁾
	2	1	+6	-3
	3	9	-3	+9
CHANGES IN			+3	+6

* Change in outputs if US shifts 3 workers from clothing to food industry and if Japan shifts one from food to the clothing.

- Columns (1) and (2) indicate the daily per worker output of the food & clothing industry in the U.S. and Japan.
- If the U.S. moves 3 workers from clothing to food, it produces 6 more units of food and only 3 fewer of clothing.
- If Japan Moves 1 worker from food to clothing, it produces 9 more units of clothing and only 2 fewer of food.
- With such a reallocation of labor, the U.S. and Japan are able to increase their aggregate output of both food and clothing.

In this example, consider the cost of producing 6 units of food in each country. In the U.S. producing 6 units of food requires 3 worker days and in Japan it requires 2 worker days. It looks like Japan is “better” at producing food, but consider the cost. In the U.S., three worker days requires the sacrifice of 3 units of clothing, but in Japan, two worker days requires the sacrifice of 18 units of clothing! Thus, in terms of lost clothing production, food

is 6 times more expensive to produce in Japan than in the U.S.! Thus the U.S. has a comparative advantage in producing food (and by the same logic in reverse, Japan has a comparative advantage in producing clothing). At the end of the day, if Japan specializes in clothing and the U.S. specializes in food, we can end up with increased production of both food and clothing in the world. We will be richer! The obvious problem is that unless Japan can sell its excess clothing to the U.S. for its excess food, there isn't much point in specializing. Thus, unless people are free to trade, they will not specialize as much and we will not enjoy the benefits associated with comparative advantage.

ADDITIONAL POINTS

The above example highlights the fact that exports and imports are inexorably linked. The reason Japan specializes in producing food (and exporting some to the U.S.) is because the U.S. is specializing in producing clothing (and exporting some to Japan). One country's export is another country's import and vice versa. In a sense, we pay for our imports with our exports.

A second point is that trade doesn't create or destroy jobs, per se. Specialization and trade does reallocate jobs from producing items we don't have a comparative advantage and to those other areas in which we do.

PROTECTIONISM

If trade is so beneficial (both because it is mutually beneficial and because it unleashes the power of comparative advantage), why are so many people and politicians opposed to it? The answer should be obvious. In the example above, if you are an American textile firm or worker for that firm, how do you feel about free trade with Japan? Free trade with Japan means lower cost clothing will be imported into the United States and over time textile firms (and jobs) in the U.S. probably will not survive. It is understandable that people in those import-competing industries will dislike trade, but it is worth remembering that the ultimate result of trade is more goods and services for the world as a whole, and in contrast, restrictions in trade make us all poorer.

SUGGESTED CLASSROOM PROCEDURES

01**WARM UP:** (9 MINUTES)

Display all three videos

**<http://www.learnliberty.org/playlists/trade-is-made-of-win>**

02**TRADE GAME** (20 MINUTES)

The Trade Game (TG) is a classroom exercise that illustrates the concept of gains from trade. While most students have little difficulty with the notion that trade is mutually beneficial in some vague sense, the concrete notion that trade “creates value” is too abstract for many to grasp. This exercise allows students to see and measure the creation of value through trade.

**READING SHEET 1**

03**READING/DISCUSSION ACTIVITY:** (15 MINUTE TOTAL: 6 MINUTES READ, 9 MINUTES DISCUSSION)

Have students read There is No Such Thing as a Free Lunch (included in classroom ready materials) and answer the following questions after 3 minute discussions for each question:

a

Brandon Philips, the veteran second baseman of the Cincinnati Reds, is an excellent bowler. Even if Philips was literally the best bowler in the world, why would he be better off playing second base for the Reds, even though he is at this point in his career a below average player? (Explain in terms of opportunity costs).

b

When you decide to buy a new pair of tennis shoes in winter, instead of paying for a new warm jacket, how do you think this affects your chances of not catching a cold and getting sick? What priorities do you think we should have as consumers?

c

You may be very good at one thing, but surely you are not the best at everything. It is impossible to have the lowest opportunity cost for everything you want to. How do you overcome this?

**READING SHEET 2**

04

EXIT TICKET DAY 1 (1 MINUTE ACTIVITY)

Describe something you are good at and how you would trade it for other goods/services.

05

WARMUP DAY 2 (3 MINUTE ACTIVITY)

Display video:



<http://www.criticalcommons.org/Members/fsustavros/clips/cse-1-4-learn-liberty-specialization-and-trade-1>

06

TAG CHECK (20 MINUTES)

Tag Check is a quick way to make students aware of the very real presence of international trade in their daily lives. They will find that most of their clothing is made overseas. (In fact, it will be so rare to find any student who is wearing only American-made clothing that it's pretty safe to bet \$10 that no one in the room is). As they map where their clothes were produced, they begin to see some of the patterns of specialization that exist in the global marketplace and to realize the extent to which we are tied to this interdependent network of production and trade. The group discussion questions help them to identify the costs and benefits of purchasing and wearing clothing produced in other countries - or of choosing not to purchase and wear clothing produced overseas.



READING SHEET 3

07

TASTE OF PROTECTIONISM (20 MINUTES)

While students are participating in Tag Check activity, prepare for Taste of Protectionism by serving the Coca-Cola.

Trade restrictions typically cost students very little as a percent of their expenditures, so it is all too easy for them to conclude that economists' ideas about international trade are abstract and apply little to their daily lives. Conducting a Coca-Cola tasting in the classroom can help drive home how international trade policy affects them in a way that they will remember beyond the final exam.



READING SHEET 4

08

EXIT TICKET DAY TWO (2 MINUTES)

Answer in three or more sentences:

a

How does trade makes your life better?

b

Could you survive without trade?

c

Do you think regulation on trade makes trading easier or harder?

OPTIONAL EXTRA ACTIVITY (30 MINUTES)

US Sugar Policy. A sweet Deal?



READING SHEET 5



TRADE

READING SHEET 1 / THE TRADE GAME

READING SHEET 2 / THERE IS NO SUCH THING AS A FREE LUNCH

READING SHEET 3 / TAG CHECK

READING SHEET 4 / A TASTE OF PROTECTIONISM: COCA-COLA IN THE CLASSROOM

READING SHEET 5 / SWEET DEAL? U.S. SUGAR POLICY

THE TRADE GAME

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ABSTRACT

This paper describes a simple classroom exercise that illustrates the concept of gains from trade, and is appropriate for students from elementary school age through college. The exercise can be expanded to show how the gains from trade are limited by the extent of the market.

JEL CODE: A2

Keywords: Trade; Economic education; Trade barriers

THE TRADE GAME (TG)

TG is a classroom exercise that illustrates the concept of gains from trade. While most students have little difficulty with the notion that trade is mutually beneficial in some vague sense, the concrete notion that trade “creates value” is too abstract for many to grasp. This exercise allows students to see and measure the creation of value through trade.¹

Step 01

COLLECT ITEMS

The instructor needs to acquire a wide array of small inexpensive trinkets that will be distributed to the students at the beginning of the exercise. Purchasing items at a dollar store is usually the most cost-effective approach. Figure 1 lists some of the items that we have used. Ideally, the collection will include some items that are more likely to be desired by males and others more likely to be liked by females. It is also acceptable if some items are likely to be superior to other items in the eyes of most everyone.

Step 02

DISTRIBUTE THE ITEMS TO THE CLASS

Randomly distribute one item to each student as they are seated at their desks. It sometimes works better to “cheat” a little by intentionally giving lip gloss to male students and baseball cards to female students, so that some students are likely to be unhappy with their initial allocation. Instruct them that the item is theirs to keep but for now they should not open its packaging, eat it, or anything like that.

Figure 1. Items that can be used in the Trade Game.

Playing cards	Cosmetics (lip gloss, lipstick, nail polish)	Hair clips and bows
Food (chips, candy, gum)	Trading cards	Small toys (jacks, balls, squirt guns, toy soldiers)
Clothing items (socks, caps)	Sunglasses	Seasonal decorations (Halloween, etc.)
Pens, pencils, notepads, etc.	Key chains	Lip balm
Stickers	Trial size toothpaste, lotions, shampoos, etc.	Coupons good for certain classroom privileges

¹ Joe Calhoun of Florida State University used a variant of this exercise in his winning performance in the 2008 Economic Communicators Contest sponsored by the Association of Private Enterprise Education and the Market-Based Management Institute.

Step 03

RATE THE ITEMS

Using a small scrap of paper or 3x5 index card, have each student rate on a scale of 1-10 (or 1-5) the item they have been given, with a 10 meaning they “really, really like it” and a 1 meaning they “really, really hate it.” Collect the ratings and average the results. If the exercise is being done in an elementary school setting, it can be a good learning exercise to have the students collect the ratings and calculate the average. If time is particularly scarce, this process can be done more quickly by having the students raise their hands for each rating with the instructor keeping track of the counts. Begin a bar chart on the board that reports this average (e.g., 4.5) similar to Figure 2, (see next page). (Some may find it simpler simply to sum the ratings among the students).

Step 04

LIMITED TRADE

Next, instruct the students that they can trade their item with any one of their immediate neighbors (e.g., the student in front of or behind them in the row) but not with anyone else in the room. Give them a few minutes to do this. Repeat Step 3 and add another bar to your chart indicating the average of the class (e.g., 6.3; see Figure 3), (see next page).

In our experience, the average will always increase. This is a good opportunity to call on individual students who made a trade to ask them why they made the trade. Interestingly, even students who did not trade often increase their rating on the item they have after having had the opportunity to trade it away.

Step 05

EXPANDED TRADE

As Adam Smith noted, the gains from trade are limited by the extent of the market. The final round allows students to trade their items with anyone in the class. (Warning to elementary school teachers: This can get loud!) As in the previous round, the rating will almost certainly increase (e.g., 7.9; see Figure 4). In more than a dozen trials of this exercise, this pattern of results has never failed to appear, (see next page).

This exercise helps students see that gains from trade are real and can be measured. In addition, the TG shows that these gains will be larger if we are allowed to trade with a wider set of people. This is an obvious point at which to begin a more formal discussion about international trade.

As a final question, you can ask the students how they would feel if we forcibly took the items they ended up with and returned them to their original owners. You will be greeted with howls and complaints. (Do not attempt to do this in reality lest you risk a riot!) Yet, this is exactly what tariffs and quotas do – they force us to keep our own stuff and not trade it to others, thus losing the opportunity to increase our happiness.

Figure 2. After Round 1 of the Trade Game, the average response from the students is often around 4.5.

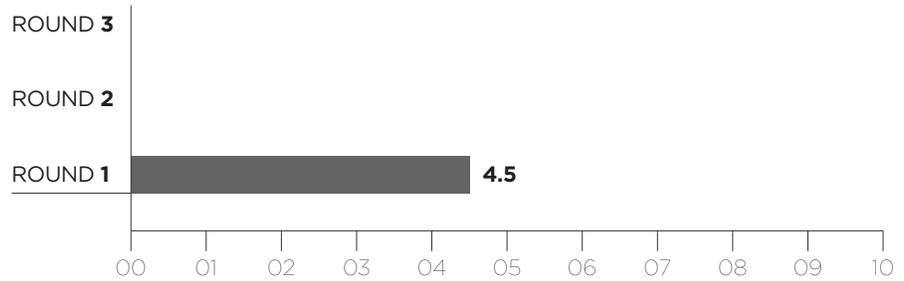


Figure 3. After Round 2 of the Trade Game, the average response from the students is often around 6.3.

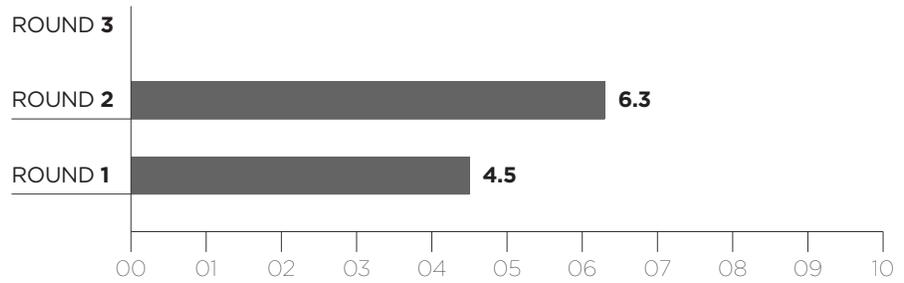
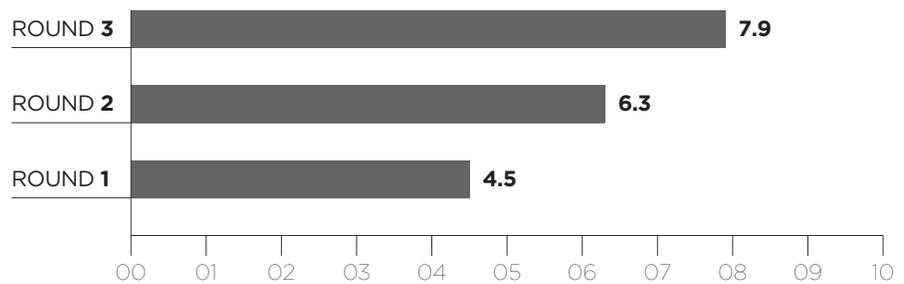


Figure 4. After Round 3 of the Trade Game, the average response from the students is often around 7.9.



OPTIONAL EXTRA DISCUSSION ON GLOBAL TRADE

With younger students we have sometimes taken the time after the TG to ask them to list the number of countries responsible for manufacturing the shirts currently worn by the students in the room. In addition to being a worthwhile mini-lesson on world geography, this discussion drives home the point that we trade with people all over the world. We then ask: Why do these people in Malaysia, Honduras, Congo, etc., make shirts for Americans? Isn't it nice of them to make shirts for us? Of course, the students will know that they make shirts for us because we pay them for the shirts. But after the TG, we now know that these Malaysians do so only because we offer them something in exchange of even more value.

CONCLUSION

The TG is a simple exercise that illustrates how trade creates value by moving goods from people who value them less to people who value them more. The game can also be used to talk about the importance of market size to the gains from trade and thus to segue to a discussion of international trade and trade restrictions.

An anonymous referee to an earlier version of this paper pointed out that a somewhat more complicated variant of this game is described on the Foundation for Teaching Economics (FTE) website (1999). In the FTE version, the students receive the items in lettered brown bags. In the initial round of ranking, they don't show each other what they have. Next, students rate their item after seeing each other's items. Later, trade takes place. We find our version to be simpler and easier to implement than the FTE version. In addition, we think relatively more emphasis should be placed on the idea that the gains from trade are limited by the extent of the market, and that trade restrictions destroy value.

One limitation of the TG is that it relies on barter exchange alone. Consequently, the important concepts of comparative advantage and specialization in production cannot be illustrated with the TG. Thus, contrary to the claims of the FTE website, the TG does not show that "trade creates wealth." It does show that "trade creates value," but not wealth in the physical sense.

REFERENCES

Foundation for Teaching Economics. 1999.

"The Magic of Markets: How Trade Creates Wealth."



<http://www.fte.org/teacher-resources/lesson-plans/eflessons/the-magic-of-markets-trade-creates-wealth/>

THERE IS
NO SUCH
THING AS
A FREE
LUNCH

St. Martin's Press, Feb 1, 2005, pp 9-11

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*What Everyone Should Know
About Wealth and Prosperity*

THERE IS NO SUCH THING AS A FREE LUNCH

The reality of life on our planet is that productive resources are limited, while the human desire for goods and services is virtually unlimited. Would you like to have some new clothes, a luxury boat, or a vacation in the Swiss Alps? How about more time for leisure, recreation, and travel? Do you dream of driving your brand-new Porsche into the driveway of your oceanfront house? Most of us would like to have all of these things and many others! However, we are constrained by the scarcity of resources, including a limited availability of time.

Because we cannot have as much of everything as we would like, we are forced to choose among alternatives. There is no free lunch. Doing one thing makes us sacrifice the opportunity to do something else we value. This is why economists refer to all costs as opportunity costs.

Many costs are measured in terms of money, but these too are opportunity costs. The money you spend on one purchase is money that is not available to spend on other things. The opportunity cost of your purchase is the value you place on the items that must now be given up because you spent the money on the initial purchase. But just because you don't have to spend money to do something does not mean the action is costless. You don't have to spend money to take a walk and enjoy a beautiful sunset, but there is an opportunity cost to the walk. The time you spend walking could have been used to do something else you value, like visiting a sick friend or reading a book.

We often hear it said that some things are so important that we should do them without considering the cost. Making such a statement may sound reasonable at first thought, and may be an effective way to encourage govern-

ment to spend more money on things that you value and would like others to help pay for. But the unreasonableness of ignoring cost becomes obvious once we recognize that costs are the value of foregone alternatives. Saying that we do something without considering the cost just says that we should do it without considering the alternatives.

The choices of both consumers and producers involve costs. For consumers, the cost of a good, as reflected in its price, helps us compare our desire for a product against our desire for alternative products that we can purchase instead. If we do not consider the concerts, we will probably end up using our income to purchase the wrong things -- goods then we do not value as much as other things that we might have bought.

Producers face costs too-- The costs of the resources they used to make a product or provide a service. The use of resources such as lumber, steel, and sheet rock to build a new house, for example, takes resources away from the production of other goods, such as hospitals and schools. High production costs signal that the resources have other highly valued uses, as judged by buyers and sellers in other markets. Profit-seeking firms will heed those signals and act accordingly. However, government policies can override the signals with taxes or subsidies enacted to help those inconvenienced by changing prices in free and open markets. But such policies reduce the ability of market incentives to guide resources to where consumers ultimately, on balance, value them most highly.

Politicians and the lobbyists who seek their favors often speak of "free education," "free medical care," or "free housing." This terminology is deceptive. These things are not free. Scarce resources are required to produce

each of them. The buildings, labor, and other resources used to produce schooling could, instead, produce more food or recreation or environmental protection or medical care. The cost of the schooling is the value of those goods that must now be given up. Governments may be able to shift costs, but they cannot avoid them.

With the passage of time, people often discover better ways of doing things and improve our knowledge of how to transform scarce resources into desired goods and services. During the last 250 years, economies with open markets have used this process to relax the grip of scarcity and improve their participants' quality of life. This has occurred to the greatest extent when and where the signals of open markets have been allowed to influence market participants, guiding their actions to the benefit of all, rather than those signals being defeated by politically potent groups seeking to avoid market discipline in order to enhance their own special interests.

TAG CHECK

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**FOUNDATION FOR
TEACHING ECONOMICS**

ECONOMIC CONCEPTS

- Opportunity cost
- Interdependence
- Incentive (price)
- Specialization
- Comparative advantage



<http://www.fte.org/teacher-resources/lesson-plans/tradelessons/tag-check>

TRADE

LESSON OVERVIEW

Tag Check is a quick way to make students aware of the very real presence of international trade in their daily lives. They will find that most of their clothing is made overseas. (In fact, it will be so rare to find any student who is wearing only American-made clothing that it's pretty safe to bet \$10 that no one in the room is). As they map where their clothes (We want to clearly stress OUTERWEAR ONLY) were produced, they begin to see some of the patterns of specialization that exist in the global marketplace and to realize the extent to which we are tied to this interdependent network of production and trade. The group discussion questions help them to identify the costs and benefits of purchasing and wearing clothing produced in other countries – or of choosing not to purchase and wear clothing produced overseas.

ECONOMICS CONTENT STANDARDS

Standard 01

Students will understand that: Productive resources are limited. Therefore, people cannot have all the goods and services they want; as a result, they must choose some things and give up others.

Students will be able to use this knowledge to: Identify what they gain and what they give up when they make choices.

_____ *a*

Choices involve trading off the expected value of one opportunity against the expected value of its best alternative.

_____ *b*

The evaluation of choices and opportunity costs is subjective; such evaluations differ across individuals and societies.

Standard 04

Students will understand that: People respond predictably to positive and negative incentives.

Students will be able to use this knowledge to: Identify incentives that affect people's behavior and explain how incentives affect their own behavior.

Benchmarks, Grade 8: At the completion of grade 8, students will know

_____ *a*

Responses to incentives are predictable because people usually pursue their self-interest.

Benchmarks, Grade 12: At the completion of grade 12, students will know

_____ *b*

Acting as consumers, producers, workers, savers, investors, and citizens, people respond to incentives in order to allocate their scarce resources in ways that provide the highest possible returns to them.

Standard 05

Students will understand that: 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 8: At the completion of grade 8, students will know

_____ ***a***
Free trade increases worldwide material standards of living.

_____ ***b***
Voluntary exchange among people or organizations in different countries gives people a broader range of choices in buying goods and services.

Standard 06

Students will understand that: 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 8: At the completion of grade 8, students will know

_____ ***a***
Like trade among individuals within one country, international trade promotes specialization and division of labor and increases output and consumption.

Benchmarks, Grade 12: At the completion of grade 12, students will know

_____ ***b***
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.

MATERIALS

- _____
Wall map and a set of push pins or small removable sticky page flags
- _____
Handout (1 per group) or overhead transparency

TIME



Twenty minutes

PROCEDURES

01

Engage the class in a large group discussion on the following question:
Should we “Buy American?”

a

Tell students that you are simply gathering a list of hypotheses and that you will record their answers for later discussion and reflection.

b

Encourage students to give reasons to back up their opinions, but stop debate by assuring them that you’ll return to evaluate the opinion list after the small group exercise.

02

Divide class into small discussion groups (4 students) and send each group to a separate part of the room where there is space to move a little bit.

03

Distribute a discussion record sheet to each group and ask students to designate a discussion leader, a recorder, a mapper, and a reporter for their group.

04

Give the following instructions:

a

Check the tags on all clothing (except underwear) worn by members of your group. List on your discussion record all the places your outerwear (including shoes, belts, eyeglasses, and jewelry) was made.

b

Send the mapper to mark the places on the wall map with push pins or stickies.

c

While the mapper is marking, determine whether there is anyone who:



Is wearing ALL American-made clothing?



Is wearing NO American-made clothing?

(Have the recorder list the names of those people (if any) in the appropriate column on the board or overhead transparency).

d

When the mapper and recorder return, answer the discussion questions at the bottom of the discussion record. (You may note answers on the discussion record sheet to help your group reporter, but the record sheet will not be collected).

05

Allow students time to work on the small group task.

06

Reconvene the class discussion and ask students to share their findings and conclusions.

a

Numbers of students wearing All American or No American-made clothing

b

Major incentive for Americans to purchase foreign-made clothing

c

Opportunity cost statement explaining why so many Americans wear foreign-made clothing

d

Generalization about opportunity cost of NOT having international trade

07

Large group discussion / debriefing:

a

Why are so many of you wearing foreign-made clothing? What was your incentive for buying from foreign producers? (For most students, the major incentives will be price and availability).

b

If you are wearing American-made clothing, what was your incentive for purchasing it? (Expect a variety of answers. May be a higher quality product, may be a desire to support a particular company, may even have students who believe that it's patriotic to buy American goods, or may just be that student liked the product and didn't bother to notice where it was made).

c

Choose something that most students are wearing that was produced overseas. (Shirts are usually a good choice).



What was the opportunity cost to you of buying a foreign-made shirt? (An American-made shirt - assuming that the student had narrowed the options to the American shirt or the foreign-made shirt. Note that many people consider this a low cost, because the price of the American-made product is higher).



What would have been the opportunity cost to you of buying an American-made shirt? (The foreign-made shirt and perhaps whatever else you could have purchased because the price of the foreign-made shirt is lower).

_____ *d*

Did “trading” for foreign-made goods make you better or worse off? (better) Explain how we know that it did. (Voluntary trade. Since trade was voluntary, you wouldn’t have made the purchase if you hadn’t thought you’d be better off).

_____ *e*

Did your purchase of foreign-made goods make our country better or worse off? Explain. (This will be a harder question for students. Help them to understand that buying foreign clothing frees up money and resources that can be used for other things. The end result is greater wealth overall).

_____ *f*

Does trading for other types of foreign products (toys, cars, computers, TVs, stereos, cameras, etc). make us better or worse off? (better off)

_____ *g*

What would be the opportunity cost of our country adopting a policy of not purchasing foreign-made products? (The result of no trade would be fewer goods and services available to consumers in the United States).

_____ *h*

Let’s look back at our list of comments and opinions in answer to the question: “Should we ‘Buy American?’” What are your thoughts now?

_____ *i*

As you look at the wall map and at your tag list, what generalizations occur to you about where different things are produced in the world?

_____ *j*

Do you have any thoughts about why that is? (Hint: What else do you know about these different regions of the world?)

(Expect students to comment that these are poorer nations with lower labor costs than in the U.S. Note that a later lesson will address the issue of “exploitation” of apparel workers and you may want to reassure students that you will deal with the issue. At this point, the major learning to focus on is that some goods and services can be produced more cheaply in other countries than in the U.S. Because of conditions and resources that exist in other countries, they have a comparative advantage in producing these items).

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 <http://www.fte.org/teacher-resources/lesson-plans/tradelessons/tag-check>

A TASTE OF PRO- TECTION- ISM: COCA-COLA IN THE CLASSROOM

Journal of Private Enterprise, Volume XXIII, Number 1, Fall 2007

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* I thank two anonymous referees for helpful comments.

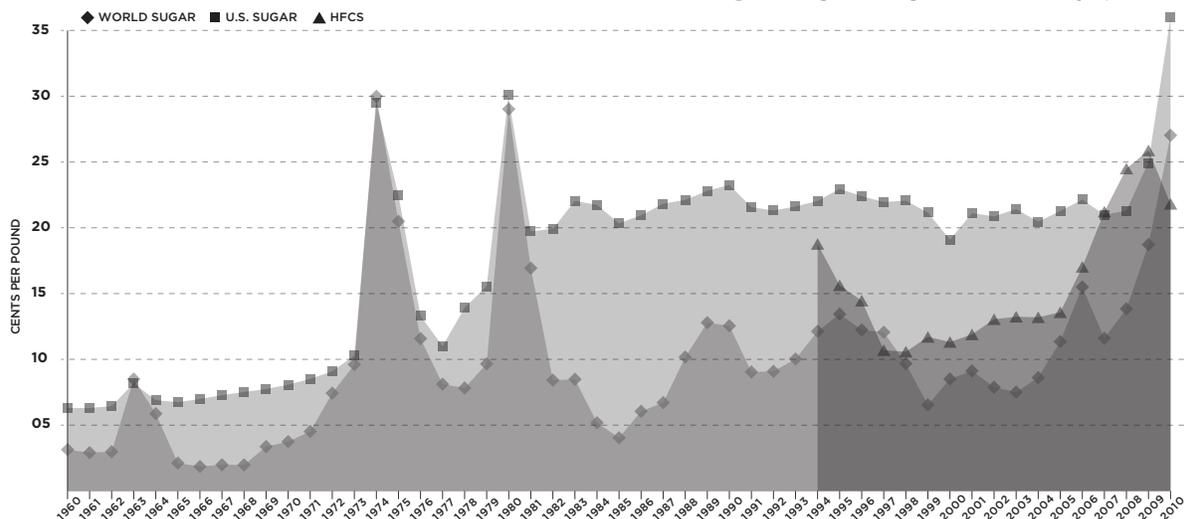
TASTE OF PROTECTIONISM ACTIVITY

Trade restrictions typically cost students very little as a percent of their expenditures, so it is all too easy for them to conclude that economists' ideas about international trade are abstract and apply little to their daily lives. Conducting a Coca-Cola tasting in the classroom can help drive home how international trade policy affects them in a way that they will remember beyond the final exam.

Import quotas push the price of sugar (i.e., sucrose) in the U.S. far above the world market price. In 2006 the average world market price for raw sugar was 15.5 cents per pound, while in the U.S. the same pound of sugar cost 22.1 cents. Over the last 25 years the U.S. price of sugar has averaged more than double the world market price. As Figure 1 shows, a consistent gap between U.S. and world market prices has existed since 1960, and the trend has been particularly pronounced since 1982. Meanwhile, corn subsidies combined with the sugar quotas keep high fructose corn syrup prices in the U.S. consistently below the U.S. price of sugar.¹

As a result of these price differentials, Coca-Cola alters its recipe in the U.S. Coca-Cola is made using sugar throughout the world but it is made with high fructose corn syrup in the U.S. The result, in my palate's opinion, is that Coke tastes less "sharp" in the U.S., though not necessarily less sweet.² In any case, most students can easily identify a taste difference between international Coke and domestic Coke when they are tried side by side. Thus, a horizontal Coca-Cola tasting in the classroom can show a direct way that international trade policy affects their lives.³

Figure 1. Sugar and High Fructose Corn Syrup Prices



¹ All data in Figure 1 comes from the U.S. Department of Agriculture data tables available online at: <http://www.ers.usda.gov/briefing/sugar/data.htm>. Data is given for all available years.

² My students have had mixed opinions of whether one was sweeter than the other.

³ I suppose a vertical tasting could reveal the same thing since Coke was once made with sugar in the U.S. High fructose corn syrup was perfected by Japanese scientists in the 1970s and introduced into U.S. soft drinks between 1975 and 1985.

However, the exact date that it was put into Coca-Cola is not known with certainty, and there is speculation that both sugar and corn syrup were used together for a while. Because of this uncertainty and the fact that old bottles are hard to obtain, a horizontal tasting is preferable to a vertical tasting.

You can conduct an effective tasting in a variety of ways. I usually conduct the tasting shortly after a trip abroad so I can bring back the Cokes myself and tell a recent story about how I enjoyed the different taste while away and wanted to share it with them. However, you need not go abroad to conduct this exercise. Many neighborhood stores in areas with high concentrations of Mexican immigrants carry Cokes bottled in Mexico and imported to the U.S. against Coca-Cola company policy.⁴ Just check the bottle: If “Hecho en Mexico” is written on it, you have found an international Coke. Coke also bottles kosher Coke, made with sugar, during Passover, which tastes the same as international Coke. Although this third option is acceptable, the first two is clearly better because they involve an international dimension.

The tasting can be done either blind or while allowing the students to know which type of Coke is which. The only real necessity is that both domestic and international Coke are tasted side by side. If only international Coke is used, many students who are not avid Coke drinkers will not remember the precise taste of domestic Coke and thus will not be able to detect any difference. If the tasting is done blind, simply pour the Coke into Dixie cups from bottles wrapped in paper or pour the Coke before the students arrive for class. A blind tasting allows you to more accurately assess which type of Coke the students actually preferred. Casual empiricism suggests that students prefer what they are used to drinking. Thus, it is unsurprising that Cokes made with sugar in Mexico often find their way into neighborhoods populated by Mexican immigrants who grew up with that flavor. Whether you conduct a blind tasting or allow students to know which Coke is which prior to tasting, it is easiest if you use two different color cups to keep track of which Coke is which throughout the exercise.

Students mainly benefit from this exercise by coming away with a memorable demonstration of how trade policies directly affect their lives. But it also is an effective method to stress some secondary points about trade restrictions that students often miss. Trade restrictions impact the range and composi-

tion of goods we have to choose from as well as the quantity imported and prices we pay. Measurement of the deadweight loss of trade restrictions often leaves this out.⁵ This exercise provides a clear example where the nature of our goods and the range we have to choose from is impacted because of protection.

Students often mistakenly think that trade restrictions are good for businesses but bad for consumers. Yet more than 50 percent of all imports to the U.S. are either raw materials or intermediate components (Irwin 2002: 11). This exercise reinforces the point that protection is good for particular businesses but bad for other businesses that use the protected product. In this case, the U.S. sugar industry benefits while sugar-using businesses such as Coca Cola are harmed. This can lead into a discussion of the various reasons why trade restrictions do not lead to a net increase in the number of jobs.

I have conducted Coca-Cola tastings six times in my international economics course. Each time students have enjoyed the exercise. On multiple occasions when former students have heard that I traveled abroad for a conference, they have asked me if I brought back Coke for my class, so the exercise has obviously made a lasting impression on some students. Only about 15-20 minutes of class time is necessary to conduct the experiment, and monetary costs are minimal. The largest burden, unsurprisingly, is actually imposed by the U.S. government. Federal rules prohibit taking liquid aboard airplanes, so the Coke must be stored in your checked baggage. Thus far however, I have not had any problems with bottles or cans breaking in my baggage. Thus, dealing with the regulation only requires a little extra advance planning.

Overall, a Coca-Cola tasting seems to provide pedagogical benefits well worth the minimal cost and class time it consumes. I plan on using this exercise in my Principles of Economics courses as well as my International Economics courses in the future.

⁴ Terhune (2006) describes how the market for Mexican Coke in the U.S. operates against Coca-Cola company policy.

⁵ See Irwin (2002) p. 33 and Romer (1994) for discussions about how much larger deadweight losses could be if the range of goods available to consumers is decreased because of trade restrictions.

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SWEET DEAL? U.S. SUGAR POLICY

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**FOUNDATION FOR
TEACHING ECONOMICS**



<http://www.fte.org/teacher-resources/lesson-plans/tradelessons/u-s-sugar-policy-a-sweet-deal>

LESSON OVERVIEW

This reading-based activity is a combination guided discussion and paper-and-pencil exercise examining the impact of trade barriers on various participant groups in the sugar market. U.S. sugar policy creates a tale of 2 markets and offers a clear illustration of who benefits from and who bears the costs of market restrictions. In the process of analyzing and comparing those markets, students rediscover three important economic constants:

- _____ Voluntary trade creates wealth;
- _____ Incentives always matter; and
- _____ Economic change creates winners and losers.

CONTENT STANDARDS

Standard 04

Students will understand that: People respond predictably to positive and negative incentives.

Standard 05

Standard 5: Students will understand that: 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.

- _____ When imports are restricted by public policies, consumers pay higher prices and job opportunities and profits in exporting firms decrease.

Standard 09

Students will understand that: Competition among sellers lowers costs and prices, and encourages producers to produce more of what consumers are willing and able to buy.

MATERIALS

- _____ Class set of copies of background reading, "Is This A Sweet Deal?" and Class Discussion questions
- _____ Overhead transparencies of Visuals #1-#4
- _____ Transparency markers
- _____ Student handouts - 1 set per pair of students
- _____ Business section of newspaper (with commodities prices)
- _____ Internet connection

TIME

 1-2

One - two class periods

PROCEDURES

01

Distribute copies of the student reading “Is This a Sweet Deal?” Instruct students to read the article either as a homework assignment or in class.

02

Conduct a class discussion using the discussion guide and the overhead transparencies, Visuals #1-#3.

03

Distribute the student handout to pairs of students and allow time to fill in the chart and answer the questions. (Leave the class discussion diagrams on the overhead).

04

Conduct a class discussion on the answers to the chart and the discussion questions.

a

Recommendation: Clip from the newspaper the current world and domestic prices of sugar. Or,

b

Extension (optional): Visit the computer lab or assign students to investigate the following sources for up-to-date data and information about the US sugar market and sugar policy.



The U.S. Department of Agriculture Foreign Agricultural Service web site contains information about current U.S. sugar policy. It's an interesting read because justification for the policy is included in the “factual” summary. (For example, students can discuss what it means to have a “level playing field.”) Students may also investigate the links to current quota and tariff data. <http://www.fas.usda.gov/programs/sugar-import-program> (9/26/06)



The USDA FAS also provides historical and current trade data: <http://www.fas.usda.gov/data> (9/26/06)



Current prices for sugar on the domestic and world markets can be found at: The New York Board of Trade: <http://quotes.ino.com/exchanges/exchange.html?e=NYBOT> (Use the red search button and conduct a key word search for “white sugar”). (9/26/06)

05

Display Visual #4, Why Would They DO That? about the practice of extracting sugar from imported cake mixes. Use as a quiz or an informal check of students' understanding of the impacts of the quotas.

BACKGROUND READING: IS THIS A SWEET DEAL?

Every year U. S. consumers pay from \$500 million to \$3 billion extra for sugar and products containing sugar because the U.S. government imposes import quotas and provides subsidies for sugar beet and sugar cane farmers. True, even at \$3 billion, this works out to only around \$10/consumer, but what about the other side of the fence? Sugar trade policies allow approximately 10,000 growers to each reap anywhere from \$40,000 to \$250,000 annually, with a relatively few larger growers receiving the greatest benefits. How did cane and beet farmers get this sweet deal?

A look at the history of the American sugar industry reveals that government involvement in the sugar market is anything but new. In 1789, the First Congress of the United States imposed a tariff on foreign sugar. Its simple purpose - to raise revenue - proved to be a sweet deal for a government that had no income tax with which to pay its expenses. Although the purposes varied and the legislation became more complex, the federal government's sweet tooth was in evidence throughout the next century. Between 1789 and 1930, Congress enacted a total of 30 pieces of sugar tariff legislation.

In the 1930s the focus of sugar policy changed from raising revenue to protecting sugar growers from foreign competition, and the 1934 Jones-Costigan Act initiated the use of quotas to control the supply of sugar in the U.S. market. Under that legislation, the Department of Agriculture determined the demand for sugar; that is, it made an educated guess about how much sugar people and businesses

would buy. The next step was to choose who would supply the sugar to meet this estimated demand. The USDA allocated just over 99% of the supply quota to:

1. U.S. suppliers of beet and cane sugar, and
2. Cane sugar suppliers from Cuba and the U.S. dependencies of Hawaii, Puerto Rico, the Virgin Islands, and the Philippines.

Once the domestic supply was allotted, the quota for imported sugar was determined by subtracting the amount produced by groups 1 and 2 from the total estimated demand. Thus, foreign producers were allowed to supply less than 1% of the sugar that American consumers wanted.

While the legislation obviously had an impact on foreign producers of sugar who hoped to sell in the U.S., the quotas also affected the income-earning ability of American sugar producers. Because the Jones-Costigan Act was designed to stabilize the domestic sugar industry, the quota system could impose limits on individual growers. Anticipating the possibility that some American producers would not be allowed to grow as much sugar as they wanted to or as they had in the past, Jones-Costigan provided for a tax on sugar processing. The tax was, of course, ultimately paid for by consumers in the form of higher prices on sugar and products using sugar. Tax revenues were used to compensate those beet and cane growers who had to reduce production.

In the late 1940s, the U.S. started using sugar quotas as a foreign policy tool. For example, Cuba received preferential treatment in the assignment of 1948 quotas because Cuban cane growers had increased output during WWII and supplied the U.S. with low-priced sugar. Ironically, in 1960 the sugar quota was once again used as a foreign policy tool in Cuba, but this time all sugar imports were banned to protest the communist takeover of Cuba's government.

Beginning in 1970, world consumption of sugar increased significantly and resulted in record high world sugar prices. Because of these high prices, the U.S. government removed the quotas on raw sugar and the Agriculture Department stopped allocating sugar quotas for domestic areas. Only a small tariff remained on imported sugar.

Predictably, the high world price called out increased production by both domestic and foreign producers and the price declined sharply. In response to this decline the U.S. government increased the tariff on imports and instituted subsidies for domestic growers through a loan guarantee program. Growers are allowed to obtain government financing at a below-market rate and commit raw sugar as collateral. If the market price does not reach the level of the loan rate the producer simply gives the collateral sugar to the government to repay the loan. Definitely a sweet deal for sugar farmers.

During the early 1980s this loan program was expanded to include estimated interest and shipping costs, and the USDA designated a "Market Stabilization Price" (MSP). When the world price of sugar continued to fall, the U.S. re-imposed the sugar quota in 1982. The quota worked as expected, reducing the amount of sugar available to purchase and thus pushing the price higher. Since that time the U.S. has continued to use quotas to regulate the volume of raw sugar imports so that domestic sugar prices don't fall below the MSP. If the volume of sugar on the domestic market increases – say, because of an extraordinarily good crop year – the import quota is reduced. If domestic production is very low for some reason, then the import quota may be expanded. (Wouldn't the local pizza delivery love it if the government closed his competitors when-

ever an increasing supply of pizzas threatened to make the pizza price drop!)

During the 1980s the U. S. continued to use the sugar quota as a foreign policy tool with South Africa, Nicaragua, and Haiti. Also of significance was that U.S. food processors, faced with the relatively high price of sugar, dramatically increased use of high fructose corn syrup, a close substitute for refined sugar. This led to a decline in the domestic demand for refined sugar, but rather than domestic growers adjusting their output, the global quota amount was reduced to keep the sugar price from falling.

In 1989, in response to Australia's challenge under GATT (the General Agreement on Tariffs and Trade), the U.S. changed to a "tariff-rate quota." Under the TRQ system a quota-holding country can export up to the quota amount at a tariff rate of 0.625 ¢/lb. The same country may export additional sugar to the U. S., but the tariff rate jumps to 16.72¢/lb.

The North American Free Trade Agreement (NAFTA) also addressed the sugar trade. One result of the NAFTA process of reducing and eliminating trade barriers is that Mexico's sugar production increased dramatically from the 3.8 million tons of sugar in 1994 to almost 5.5 million tons in 1998. In addition, Mexico's imports of U.S. high fructose corn syrup, a good substitute for sugar, increased from 52,000 metric tons in 1995 to over 207,000 tons in 1998.

The farm bill of 1996 removed all controls on domestic production and reduced the tariff rate-quota on imported sugar to 15.36¢/lb, but kept in place the practice of taking sugar at guaranteed prices in payment of government loans to sugar farmers. This practice, of course, reduces or eliminates incentives for growers to cut back on production.

Trends that have developed in the past few years include a decrease in the number of domestic sugar producers, but an increase in the average number of acres farmed by each producer. Fiscal year 2000 domestic production of sugar is estimated at a record 9 million metric tons, a surplus of almost 2 million tons in U.S. production. Some growers blame the

surplus on the rapid development of alternative sweeteners and on the flexibility of U.S. farmers who switch among grain, oilseed, cotton, rice, and sugar depending on the market prices of the different crops. Regardless of the validity of those claims, it is certainly the case that government sugar subsidies increase the incentives for farmers to make the switch to sugar when the prices of other crops fall.

World sugar production in 1999 was a record 132 million metric tons. 2001 world sugar production is forecast to be down by about 6 percent, with Brazil, one of the world's largest sugar producers, expected to decline by about 26%, and the European Union, the leading producer of beet sugar, expected to drop 13%.

World prices have, for the most part, declined since 1998, with the average world price being around 6¢/lb. The U.S. domestic price for the same period is approximately 17.5¢/lb.

With the significant emphasis on reducing trade barriers during the last decade of the 20th century, why have quotas and subsidies been retained in the sugar industry, and why haven't consumers raised a fuss over the extra millions of dollars they spend each year for sugar and sugar-related products?

CLASS DISCUSSION: IS U.S. SUGAR POLICY A SWEET DEAL?

01

Is sugar policy a sweet deal for the U.S. government?

- _____ How is the use of sugar tariffs and/or quotas a sweet deal for the U.S. government? Using the background reading on the history of U.S. sugar policy, list the benefits government derives from sugar trade barriers.

02

Is sugar policy a sweet deal for consumers and producers in the sugar market?

- _____ Hints: Use your common sense and your experience to answer the following:

- _____ If you are a buyer of sugar, would you rather there be more sugar and more sugar sellers or less sugar and fewer sugar sellers in the market? Why? (Hint: What do you think happens to the price of sugar when there is more sugar available? When there is less sugar available?)

- _____ If you are a seller of sugar, would you rather there be more sugar and more sugar sellers or less sugar and fewer sugar sellers in the market? Why? (Hint: What do you think happens to the price of sugar when there is more sugar available? When there is less sugar available?)

03

What trade-offs must be considered in the decision about whether or not to impose sugar trade barriers?

INTERNET

CURRENCY CONVERTERS:

- <http://money.cnn.com/data/currencies/>
- <http://www.x-rates.com/>
- <http://www.oanda.com/convert/classic>

CURRENT COMMODITY PRICES, INCLUDING DOMESTIC AND INTERNATIONAL SUGAR:

- New York Board of Trade: <http://quotes.ino.com/exchanges/exchange.html?e=NYBOT>
- Euronext - Liffe: <http://www.euronext.com>

THE FOUNDATION FOR TEACHING ECONOMICS: [HTTP://WWW.FTE.ORG](http://www.fte.org)

- National Voluntary Content Standards in Economics: <http://www.fte.org/teacher-resources/voluntary-national-content-standards-in-economics/>

“HOW SAFE IS THAT TRUCKER IN THE WINDOW,” BY RUSSELL ROBERTS:

- Published on Liberty Fund's Economics Library: <http://www.econlib.org/library/Features/Robert-struck.html>

INTERNATIONAL TRADE ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE:

- <http://trade.gov/index.asp>

NATIONAL CENTER FOR HISTORY IN THE SCHOOLS (NCHS)

- Content Standards in History: <http://www.sscnet.ucla.edu/nchs/standards>

NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)

- Text of the agreement: <http://www.sice.oas.org/trade/nafta/naftatce.asp>
- Department of Commerce, Office of NAFTA & Inter-American Affairs Market Access and Compliance: <http://mac.doc.gov/nafta>

SURVEY OF CURRENT BUSINESS, BUREAU OF ECONOMIC ANALYSIS, U.S. DEPARTMENT OF COMMERCE:

- <http://www.bea.gov/scb/index.htm>

“TWO CHEERS FOR SWEATSHOPS,” BY NICHOLAS KRISTOF AND SHERYL WUDUNN IN THE NEW YORK TIMES:

- <http://www.nytimes.com/library/magazine/home/20000924mag-sweatshops.html>

U.S. BUREAU OF LABOR STATISTICS:

- <http://www.bls.gov>

U.S. DEPARTMENT OF AGRICULTURE FOREIGN AGRICULTURAL SERVICE:

- U.S. sugar policy: <http://www.fas.usda.gov/commodities/sugar>
- Historical and current agricultural trade data: <http://www.fas.usda.gov/topics/trade-policy>

THE WORLD BANK COUNTRY DATA:

- <http://www.worldbank.org/data/countrydata/countrydata.htm>

WORLD TRADE ORGANIZATION (WTO)

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