



POWELL CENTER FOR
ECONOMIC LITERACY

Lesson Plan

WRITTEN BY Powell Center Staff

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Trade Away Your Scarcity?

Time Required

Approximately 30 Minutes

Grade Level and Subject

Elementary School; Economics

Keystone Principle

Principle #6 – Do What You Do Best, Trade for the Rest

Economic Concepts

Exports – *goods and services produced domestically which are sold to or traded with other countries.*

Imports – *goods and services produced in other countries which are consumed domestically by consumers, businesses or governments.*

Interdependence – *(a) a relationship between participants in the marketplace that entails an exchange of benefits between producers and/or consumers. Also, a link between decisions and events in one part of the world or one sector of an economy to other parts of the world or other economies. (b) Needing one another; i.e., the manufacturer (producer) needs people (consumers) who will buy its toys (product).*

Scarcity – *the condition that results because people's wants are relatively unlimited and the resources available to satisfy those wants are relatively limited. This condition forces people to make choices.*

Trade – *exchanging goods and services with people for other goods and services or for money. When people trade voluntarily, they expect to be better off as a result.*

Overview

This lesson is specifically designed to be the companion to the brief lesson, “A Scarcity Activity.” Here, students will have an opportunity to experience the benefits of trade by contrasting the end result of the two simulations. The emphasis is on the benefits of *voluntary* trade. Therefore, although the teacher should allow the four groups to trade with each other, the teacher should not direct any of the trades. As in the scarcity lesson, students will divide into four groups, representing the four countries of Hasalot, Hassome, Hasalittle, and Needsalot. Although scarcity in varying degrees is an ever-present condition, voluntary trade can and does have a beneficial effect in mitigating the problems of scarcity for all parties involved.

Materials and Handouts

- Four 10 X 13 inch envelopes (Contents described in the Teacher Preparation section.
- [Task Sheets](#) (1 copy of each)
- 4 sheets each of red, green, blue, brown, and yellow construction paper.
- 2 pencils
- 2 markers
- 3 rulers
- 2 pairs of scissors
- 1 glue stick
- 15 paper clips

Teacher Preparation

Use the envelopes which were prepared for the Scarcity lesson. Replenish them with the following resources:

- Hasalot Envelope: 1 each of red, green, blue, and brown construction paper; 1 pencil; 1 marker; 2 rulers; 1 pair of scissors; 1 glue stick
- Hassome Envelope: 1 each of red, yellow, green, and brown construction paper; 1 marker; 1 ruler; 1 pair of scissors; 8 paper clips
- Hasalittle Envelope: ½ sheet each of red, brown and green construction paper; 1 pencil; 4 paper clips
- Needsalot Envelope: ½ sheet each red, green, blue, brown, and yellow; 3 paper clips

Teaching Activity

1. Discuss with the students the benefits of international trade. Trade is the exchange of goods and services. As long as trade is voluntary, people trade because they expect to become better off as a result; the value of what they gain is thought to be greater than what they give up. Both parties do not need to benefit equally in order for the trade to take place. If one or both parties believe they no longer benefit from the trade, these exchanges will cease. This idea applies to trade among individuals and businesses as well as to trade among nations. There are costs to free trade, but in general, economists agree that the benefits far outweigh the costs.
2. Have the students return to the groups assigned in the Scarcity lesson. Give

- each group back the same envelope.
3. Explain that each country will have 30 minutes to complete the tasks on the task sheet.
 4. Give the signal to begin. Allow the students to trade freely with others from each country in order to improve the resources each will use. They may still not be able to complete all the tasks; however, they should be able to complete most of them.
 5. Discuss what happened.
 - a. Was everyone able to complete the tasks? If not, what tasks were not completed? Why? (*answers will vary*)
 - b. Is it possible for countries to be self-sufficient? (*It depends on the resources that country has available, and also how willing they are to forego the additional benefits of trade*)
 - c. What goods and services did your country import? Export? (*Answers will vary.*)
 - d. What are some reasons why countries wouldn't want to trade with others? (*Cultural traditions, they don't have anything anyone wants, etc.*)
 - e. Were there conflicts? If so, what caused them and how were they resolved? (*Answers will vary.*)

Assessment. After the final discussion, have the students write a summary of the simulation experience. The summary should mention the following: scarcity requires that choices be made; voluntary trade benefits all parties; trade expands the range of choices available to the trading partners, use of economic terms such as exports and imports.

Task Sheets

<p>1</p> <p>Country of Hasalot</p> <p>Task Sheet</p>	<p>2</p> <p>Country of Hasalittle</p> <p>Task Sheet</p>
<p><i>The country of Hasalot has many resources. Use these resources to complete the tasks listed below:</i></p>	<p><i>The country of Hasalittle has many resources. Use these resources to complete the tasks listed below:</i></p>
<p>FOOD: Make a four-link paper chain using four different colors.</p>	<p>FOOD: Make a four-link paper chain using two different colors of paper</p>
<p>SHELTER: Make a 6 x 9 inch shelter with windows and a door that opens and closes.</p>	<p>SHELTER: Make a 2 x 4 inch shelter with a door that opens and closes.</p>
<p>CLOTHING: Make four articles of clothing for each member of the group.</p>	<p>CLOTHING: Make two articles of clothing for each member of the group.</p>
<p>EDUCATION: Make an 8-page book using three colors of paper.</p>	<p>EDUCATION: Make a 4-page book using two colors of paper.</p>
<p>3</p> <p>Country of Hassome</p> <p>Task Sheet</p>	<p>4</p> <p>Country of Needsalot</p> <p>Task Sheet</p>
<p><i>The country of Hassome has many resources. Use these resources to complete the tasks listed below:</i></p>	<p><i>The country of Hasalot has many resources. Use these resources to complete the tasks listed below:</i></p>
<p>FOOD: Make a four-link paper chain using three different colors.</p>	<p>FOOD: Make a four-link paper chain using one color.</p>
<p>SHELTER: Make a 4 x6 inch shelter with one window and a door that opens and closes.</p>	<p>SHELTER: Make a 2 x 2 inch shelter with a door that opens and closes.</p>
<p>CLOTHING: Make three articles of clothing for each member of the group.</p>	<p>CLOTHING: Make one article of clothing for each member of the group.</p>
<p>EDUCATION: Make a 6-page book using two colors of paper.</p>	<p>EDUCATION: Make a 2-page book using one color of paper.</p>