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## Standard 5 : Gain from Trade

### 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.

### Students will be able to use this knowledge to:

Negotiate exchanges and identify the gains to themselves and others. Compare the benefits and costs of policies that alter trade barriers between nations, such as tariffs and quotas.

### Benchmarks

#### Grade 4

| <b>At the completion of Grade 4, students will know that:</b>   | <b>At the completion of Grade 4, students will use this knowledge to:</b>  |
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| Exchange is trading goods and services with people for other goods and services or for money.           | Identify exchanges they have made and tell whether they were monetary or barter exchanges.   |
| The oldest form of exchange is barter the direct trading of goods and services between people.          | Identify current and historical examples of barter exchanges.  |
| People voluntarily exchange goods and services because they expect to be better off after the exchange. | Describe a trade they have made, such as one with baseball cards, stickers, or lunch desserts, and explain why they agreed to trade. |

#### Grade 8

| <b>At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:</b>                                | <b>At the completion of Grade 8, students will use this knowledge to:</b>  |
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| When people buy something, they value it more than it costs them; when people sell something, they value it less than the payment they receive. | Describe recent monetary transactions they have made; as buyer or sellers. Explain why they were willing to trade. |
| Free trade increases worldwide material standards of living.  | Identify the benefits when a trade barrier such as sugar or automobile import quotas                               |

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|  | is eliminated.  |
| Despite the mutual benefits from trade among people in different countries, many nations employ trade barriers to restrict free trade for national defense reasons or because some companies and workers are hurt by free trade. | Look at historical examples of periods when the United States has imposed trade barriers and explain why U.S. citizens would impose trade barriers given the mutual benefits of free trade. |
| Imports are foreign goods and services that are purchased from sellers in other nations.   | Examine labels of products in their homes and compile a list of imported products and the countries from which they are imported.   |
| Exports are domestic goods and services that are sold to buyers in other nations.  | Determine what major products are produced in their community for export and to the countries to which they are exported.   |
| Voluntary exchange among people or organizations in different countries gives people a broader range of choices in buying goods and services.  | Describe how their daily lives would be different if people in the United States did not trade with people in other countries.  |

## Grade 12

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| <b>At the completion of Grade 12, students will know the Grade 4 and Grade 8 benchmarks for this standard, and also that:</b>              | <b>At the completion of Grade 12, students will use this knowledge to:</b>   |
| A nation pays for its imports with its exports.  | Participate in a trading simulation where students represent different countries with specific goods to sell and specific goods they want to buy; conclude that a nation pays for its imports with its exports, or by borrowing. |
| When imports are restricted by public policies, consumers pay higher prices and job opportunities and profits in exporting firms decrease. | Analyze the political and economic implications of a proposed ban on imported televisions.   |