

International Trade in a Globalized World



THE
**CHOICES
PROGRAM**
BROWN UNIVERSITY

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THOMAS J. BIERSTEKER

Professor of Political Science
Graduate Institute of International Studies, Geneva

MARK BLYTH

Eastman Professor of Political Economy, Professor of Political Science and International and Public Affairs
Watson Institute for International and Public Affairs
Brown University

GEORGE BORTS

Professor of Economics, Emeritus, Brown University

SUE ECKERT

Senior Fellow
Watson Institute for International and Public Affairs
Brown University

LOUIS PUTTERMAN

Professor of Economics, Brown University

DIETRICH RUESCHEMEYER

Professor of Sociology, Emeritus;
Charles C. Tillinghast Jr. '32 Professor of International Studies, Emeritus
Watson Institute for International and Public Affairs
Brown University

PETER UVIN

Vice President for Academic Affairs and Dean of Faculty,
Professor of Government, Claremont McKenna College

ROBERT WADE

Professor
London School of Economics

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The Choices Program

Director

Susan Graseck

Program Associate

Mackenzie Abernethy

Manager, Digital Media Group

Tanya Waldburger

Curriculum Development Director

Andy Blackadar

Program Associate

Lindsay Turchan

Office Assistant

Lisa Blake

Professional Development Director

Mimi Stephens

Administrative Manager

Kathleen Magiera

Assistant Director, Curriculum Development

Susannah Bechtel

Marketing and Social Media Manager

Jillian McGuire Turbitt

Contents

Introduction: Trade and the Global Economy	1
Part I: A Short History of the Current Economic System	3
The Great Depression and World War II.	3
The Cold War.	5
Understanding Trade.	7
The Pressures of Globalization	8
Trade Agreements	10
Part II: The Effects of Global Trade	14
Adjusting to Economic Change.	14
U.S. Trade Policy and Global Development.	18
The Effects of Trade Around the World	19
Options for U.S. Policy	25
Options in Brief.	25
Option 1: Keep the U.S. Economy on Top	26
Option 2: Protect U.S. Workers.	28
Option 3: Put Values First.	30
Option 4: Work For Free and Fair Trade.	32
Supplementary Resources	34
Videos	Online

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Introduction: Trade and the Global Economy

In September 2008, the U.S. economy was hit by the largest financial crisis that the country had experienced since the Great Depression in the 1930s. While the crisis began in the U.S. housing market, the economic downturn soon spread to markets around the world. In October, Iceland announced that its banking system had collapsed. Governments from Russia to Australia to the United States stepped in to provide money and support to businesses and banks struggling to stay afloat. More than eight million people lost their jobs in the United States, and unemployment spiked around the world. It took six years for the United States to recreate the number of jobs lost. The economies of many countries continue to struggle to recover.

Today, many people in the United States have an ongoing sense of uncertainty and worries about the future. This uncertainty is more than just a feeling; data confirms that, in the United States, wages for middle class workers

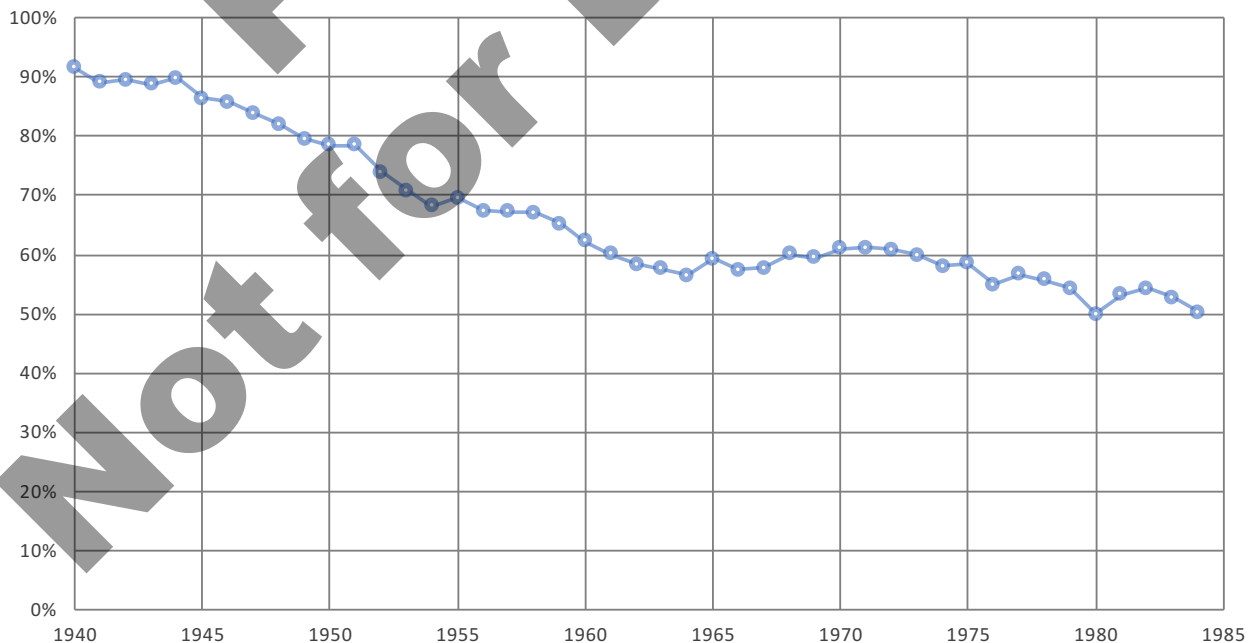
are not growing and economic opportunities are harder to come by. The idea that children will be better off financially than their parents has become far less certain.

While the development of the global economy has benefitted many, the rapid changes brought about by technology and economic change has also had negative effects on people.

“Over the past forty years, as people have worked harder for less pay and fewer benefits, the value of their work has eroded. When we devalue work, we threaten the pride and dignity that come from it. American workers understood then and understand now that you build a society and an economy from the middle class out.”

—Ohio Governor Sherrod Brown,
November 17, 2016

"The Fading American Dream"
Percent of Thirty Year Olds (by Year of Birth)
Earning More Than Their Parents



Data from the Equality of Opportunity Project <http://www.equality-of-opportunity.org/data/>, January 27, 2017.

International Trade in a Globalized World

Teacher Resource Book

TEACHER RESOURCE BOOK

TEACHER RESOURCE BOOK



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Contents

Note to Teachers	2
Making Choices Work in Your Classroom	3
Integrating This Unit into Your Curriculum	5
Part I: A Short History of the Current Economic System	
Study Guides and Graphic Organizer	6
Charting International Trade	10
Why Countries Trade	13
Part II: The Effects of Global Trade	
Study Guides and Graphic Organizer	18
Evaluating the Impact of Economic Change	22
Analyzing Trade Statistics	28
The Options Role Play	
Organization and Preparation	32
Options: Graphic Organizer	37
Debate and Discussion	38
Synthesis	
Opposing Views on U.S. Trade Policy	41
Key Terms	49
Issues Toolbox	50
Assessment Guide for Oral Presentations	51
Supplemental Materials and Videos	<i>Online</i>

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Analyzing Trade Statistics

Objectives:

Students will: Analyze and graph economic data.

Consider the causes and effects of global patterns of trade.

Work collaboratively with classmates.

Handouts:

“Share of World Manufacturing Exports: Regions and Selected Countries” (TRB 29-31) for each group.

Students may find colored pencils for graphing, a calculator, and copies of the reading helpful.

In the Classroom:

1. Focus Question—Put the following question on the board: “What are statistics for?” How have students used statistics in school? Ask students to think of other places or ways they have seen statistics used. Have the class brainstorm; record their ideas.

2. Working in Groups—Divide the class into groups of 3-4 students and distribute the handout to each group. Groups should work through and discuss the questions pertaining to the data. Have one member of each group record their group’s responses on the worksheet.

Emphasize to students that the graphs they are making need not be overly precise. Rather, they should roughly indicate trends. Emphasize the importance of labeling the graphs clearly. Some students may need a reminder about how to do the calculation required for question 6.

3. Analyzing Data—As a class, review students’ answers to the questions. Did students find any of the information interesting or surprising?

Much of the data indicates trends in a single direction—either positive or negative—for each country. Ask students to speculate about the reasons for these trends in specific countries, e.g. China. Are there specific countries that do not demonstrate a consistent trend?

Ask students why they think the United States’ share of manufacturing exports has decreased since 1948. Ask them to compare the slopes of the two graphs they have made. Why does one slope down and the other up? Do these graphs indicate positive or negative developments for the U.S. economy? Or do they indicate neither?

Have students identify the trend in the “GATT/WTO Members” category. What reasons can they give for the trend?

Extra Challenge:

The footnotes at the bottom of the chart indicate important political changes, e.g., the end of the Soviet Union. Have students speculate as to how these political changes might have affected manufacturing exports.

Homework:

Students should read “Options in Brief.”

Name: _____

Share of World Manufacturing Exports: Regions and Selected Countries

Instructions: With your group, examine this chart and answer the questions that accompany it. Be prepared to share your findings with the rest of the class.

	1948	1953	1963	1973	1983	1993	2003	2015
<i>World manufacturing exports in billions of 2016 dollars</i>	59	84	157	579	1838	3688	7380	15985
World <i>(percent share of exports)</i>	100	100	100	100	100	100	100	100
North America	28.1	24.8	19.9	17.3	16.8	17.9	15.8	14.4
United States	21.6	14.6	14.3	12.2	11.2	12.6	9.8	9.4
Canada	5.5	5.2	4.3	4.6	4.2	3.9	3.7	2.6
Mexico	0.9	0.7	0.6	0.4	1.4	1.4	2.2	2.4
South and Central America	11.3	9.7	6.4	4.3	4.5	3.0	3.0	3.4
Brazil	2.0	1.8	0.9	1.1	1.2	1.0	1.0	1.2
Chile	0.6	0.5	0.3	0.2	0.2	0.2	0.3	0.4
Europe	35.1	39.4	47.8	50.9	43.5	45.3	45.9	37.3
Germany ^a	1.4	5.3	9.3	11.7	9.2	10.3	10.2	8.3
Netherlands	2.0	3.0	3.6	4.7	3.5	3.8	4.0	3.5
France	3.4	4.8	5.2	6.3	5.2	6.0	5.3	3.2
United Kingdom	11.3	9.0	7.8	5.1	5.0	4.9	4.1	2.9
Commonwealth of Independent States (CIS) ^b	-	-	-	-	-	1.7	2.6	3.1
Soviet Union	2.2	3.5	4.6	3.7	5.0			
Africa	7.3	6.5	5.7	4.8	4.5	2.5	2.4	2.4
South Africa ^c	2.0	1.6	1.5	1.0	1.0	0.7	0.5	0.5
Middle East	2.0	2.7	3.2	4.1	6.7	3.5	4.1	5.3
Asia	14.0	13.4	12.5	14.9	19.1	26.0	26.1	34.2
China	0.9	1.2	1.3	1.0	1.2	2.5	5.9	14.2
Japan	0.4	1.5	3.5	6.4	8.0	9.8	6.4	3.9
India	2.2	1.3	1.0	0.5	0.5	0.6	0.8	1.7
Australia and New Zealand	3.7	3.2	2.4	2.1	1.4	1.4	1.2	1.4
GATT/WTO Members	63.4	69.6	75.0	84.1	77.0	89.0	94.3	98.3

Data from International Trade Statistics Database, WTO. Accessed January 25, 2017.

a Figures refer to the Federal Republic of Germany from 1948 through 1983.

b Former Soviet Union minus the Baltic States. Figures are significantly affected by i) changes in the country composition of the region and major adjustment in trade conversion factors between 1983 and 1993; and ii) including the trade flows between the Baltic States and the CIS between 1993 and 2003.

c Beginning in 1998, figures refer to South Africa only and no longer to the Southern African Customs Union.

Questions

1. List the top three regions and countries for manufacturing exports in 1948.

Top Regions in 1948	Top Countries in 1948
a.	a.
b.	b.
c.	c.

2. List the top three regions and countries for manufacturing exports in 2015.

Top Regions in 2015	Top Countries in 2015
a.	a.
b.	b.
c.	c.

3. Which country and which region had the greatest increase in the share of manufacturing exports between 1948 and 2015?

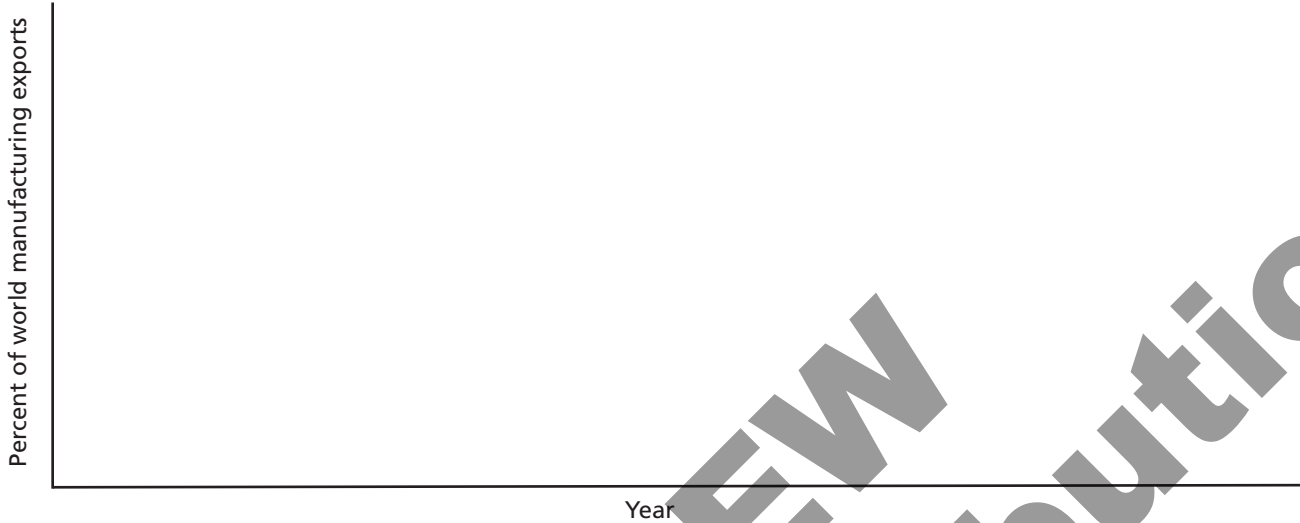
Region	Country
a.	a.
b. Percent increase?	b. Percent increase?

4. Which country and which region had the greatest decrease in the share of manufacturing exports between 1948 and 2015?

Region	Country
a.	a.
b. Percent decrease?	b. Percent decrease?

Name: _____

5. Use the data provided to graph the United States' share of manufacturing exports over time. Focus on general trends, not precisely graphing the numbers. Be sure to label the x-axis with the years and the y-axis with percentages.



6. Calculate the dollar value of the United States' manufacturing exports for each year.

	1948	1953	1963	1973	1983	1993	2003	2015
<i>World manufacturing exports in billions of dollars</i>	59	84	157	579	1838	3688	7380	15985
United States share of exports (percentage)	21.6	14.6	14.3	12.2	11.2	12.6	9.8	9.4
Dollar value (multiply dollars by percentage and divide by 100)								

7. Use the data provided to graph the dollar value of U.S. manufacturing exports. Focus on general trends, not precisely graphing the numbers. Be sure to label the x-axis with the years and the y-axis with the dollar values.

