

**Lesson Description**

Students bring items from home to trade in a class “flea” market. In this activity, they learn what conditions are necessary for two people to agree to a trade and how trading makes people better off. They also discover that the more people with whom they are allowed to trade, the more likely they are to find a beneficial trade. These ideas are shown to be the basis for international trade among countries.

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**Content Standard**

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.

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**Economic Concepts**

economic wants, goods, services, value, trade, international trade

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**Related Areas**

social studies

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**Objectives**

Students will be able to:

1. define economic wants, goods, services, value, trade, and international trade.
  2. explain why people may value things differently.
  3. describe what conditions are necessary before a trade will occur.
  4. explain why both parties in a voluntary trade are made better off by the trade.
  5. tell why trades are more likely as the number of traders increase.
  6. recognize that all trades, even those between two countries, are actually trades among individuals.
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**Time Required**

Day One: 15 minutes; Day Two: 45 - 60 minutes

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**Materials Required**

small bowl of broccoli (or other unpopular vegetable with kids)  
copy of Activities 1-1 and 1-2 for each student  
transparency of Activity 1-2

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## Procedure

## Day One

1. Explain that people have many economic wants. **Economic wants** are desires that can be satisfied by consuming goods and services. Define **goods** as material things that satisfy wants and **services** as actions that satisfy wants. Have students provide examples of some goods and services and the economic wants they satisfy. (*A bicycle is a good that satisfies people's desires to get exercise, to play, or to move from one place to another. Water and sodas are goods that satisfy people's thirst. Riding a roller coaster at an amusement park is a service that satisfies people's desire for fun and/or excitement. Getting a check-up from a doctor is a service that satisfies people's desire for good health.*)
2. Explain that a good or service is valuable to a person if it satisfies an economic want he or she has. Define the **value** of a good or service to a particular person as the amount of satisfaction or happiness it provides to that person.
3. Show the class a small bowl of broccoli and say, "Raise your hand if you'd like this broccoli as a snack. (*Some may; some won't.*)"
4. Ask those who didn't raise their hands to explain why they did not want the broccoli. (*don't like the taste*) Note that for them the broccoli has no value because it wouldn't satisfy any want they have, so it wouldn't make them any happier. Next ask those who did raise their hands why they wanted the broccoli. (*They like the taste; they're hungry; they want the nutrients.*)
5. Announce that you are planning a "flea" market (give them a specific date). Explain that a "flea" market is a place where people can make trades. A **trade** occurs when people exchange goods and/or services with each other. Each student should bring several small items from home (old toys, wrapped snacks, stickers, pencils, baseball cards, etc.) Give each student a copy of Activity 1-1, and tell them to give it to a parent or guardian.
6. Remind students the day before the flea market to think about the value of the items that they bring. Although they should not bring

things that have a high value to them, they should try to bring things for which other students would want to trade.

**Day Two**

1. Welcome students to the flea market. Have students display their trading items on their desks.
2. Explain that they may trade items with people sitting around them (that is, directly in front or back or immediately to the left or right). Trades need not be one-for-one. If someone wants to trade two or three items for one item, that is permissible. Also remind them that trading is not required. If they don't want to trade, it is okay.
3. Allow a few minutes for trading.
4. After the trading period, discuss the following.
  - a. How many of you are happier with the items that you now have than the items with which you started? (*Note: Those who made trades should feel better off.*)
  - b. How many of you are less happy with what you have now than you were before? (*Note: No students should raise their hands. If they do, ask why they voluntarily made trades which made them worse off. They'll probably indicate that they thought it was fun to simply trade.*)
  - c. Did anyone choose not to trade? Are you happier or less happy? (*Anyone who didn't trade shouldn't be more or less happy. He or she has the same items; therefore, the same level of satisfaction.*)
  - d. Did anyone want to trade, but was unable to do so? (*Some students may have wanted to trade, but other students didn't want what they had to offer.*)
5. Announce that students may now trade with anyone in the room. Allow 5-10 minutes for trading. After trading, discuss the following.
  - a. How many are happier now than you were after the last round of trading? (*Those making trades should raise their hands.*)

- b. How many of you are less happy than you were after the first round of trading? (*Again, no one should be.*)
  - c. How many of you are equally happy? (*Those who didn't trade should be equally happy with the same goods.*)
6. Have students explain why trading made most of them better off without making anyone worse off. (*They only made trades if they got something more valuable to them than what they gave up. It wouldn't be wise to trade unless you were better off.*) Restate that people only make trades if they get something more valuable to them than what they gave up.

Note to teacher: Students may have traded because they wanted to be involved in the activity with their friends, or they wanted to be nice to someone. Even in these cases, they are better off after the trade. They received value from trading with friends.

7. Distribute a copy of Activity 1-2 to each student and display the transparency. Tell students that this activity will help them understand why trades did or did not occur. The girl has a can of soda pop, and the boy has a sack of candy. The arrows show which of the two items each person values the most. Using the activity, discuss the following.
- a. Will the boy and girl trade in Case 1? Why or why not? (*No, the boy would not want to trade. He values his candy more than her soda pop.*)
  - b. Will the boy and girl trade in Case 2? Why or why not? (*No, the girl would not trade because she most values the soda pop.*)
  - c. Will the boy and girl trade in Case 3? Why or why not? (*Yes, the boy values the soda pop more, and the girl values the candy more. They will both be better off if they trade.*)
  - d. Will the boy and girl trade in Case 4? Why or why not? (*No, the boy and the girl value what they have more, so they would not trade.*)
  - e. Look at Case 1. What does the girl want? (*candy*) What would happen if we added a third person who had candy but valued soda pop more? (*Then the girl could trade with that person, and they would both be better off.*)

- f. Why was trade among all students better than trade with only the students around your desks? (*There were more people trading with one another and a greater chance of finding trades that both people wanted to make.*)
8. Point out that although the same items are available in the classroom that were there before trading, the total value (total satisfaction) that the students are getting from them is greater. This happens because trading moves goods to people who value them more highly. Thus, trading alone has increased the value of the items that were brought to class.
9. Compare the class trading activity to international trade. Remind students that they are citizens of a country. Explain that the first round of trading was like trading with people in their own country. Ask them to think what trading with the entire class could be compared to. (*trading with people in other countries*)
10. Point out that **international trade** is when people of different countries trade with one another. Explain that international trade allows people to get things they value more and makes them better off. Therefore, the greater the number of people with whom they are able to trade, the more likely they are to find trades.

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### Closure

Discuss the following to emphasize the major points of the lesson.

1. What are economic wants? (*people's desires that can be satisfied by consuming goods and services*)
2. What are goods? Give some examples. (*material things that satisfy wants, such as pizzas, cars, shirts, and houses*)
3. What are services? Give some examples. (*actions that satisfy wants, such as haircuts, setting a broken leg, and teaching school*)
4. What makes goods and services valuable to a person? (*when they are able to satisfy that person's economic wants*)

5. Why do people trade? *(Because they expect to gain, otherwise they wouldn't trade.)*
  6. How do traders gain from a trade? *(They get more satisfaction or value from the good received than the good they traded away.)*
  7. How does trade increase the value of goods and services? *(When goods move from people who value them less to people who value them more, the total value received from those goods increases.)*
  8. Why is having more people to trade with better? *(The chances of finding trades that make both people better off are increased.)*
  9. Are the benefits from trade lost if the traders are from different countries? *(No, people engage in international trade because it makes them better off.)*
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**Assessment**

## Multiple Choice

1. Derek has a ham sandwich that he wants more than the tuna sandwich Ramona has. Ramona wants her tuna sandwich less than she wants Derek's ham sandwich. Given this:
  - a. Derek and Ramona aren't likely to trade sandwiches.
  - b. Derek and Ramona are likely to trade sandwiches.
  - c. Derek will end up with both sandwiches.
  - d. Ramona will end up with both sandwiches.
  
1. James trades Clark one of his baseball cards for one of Clark's super-monster comic books. Who gains from this trade?
  - a. James
  - b. Clark
  - c. both James and Clark
  - d. neither James nor Clark

2. If we want people in Los Angeles, California to be as happy as possible, it's best if they are allowed to trade with:
  - a. only other people in Los Angeles.
  - b. only other people in California.
  - c. only other people in the United States.
  - d. anyone in the world.

**Short Answer**

Give two reasons why a poor person in a remote area is less likely to be able to make trades that make him or her better off. (*This person may not have many goods or services for which other people would wish to trade. Living in a remote area means that there are likely less people to trade with in the first place.*)

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**Extension**

As homework, ask students to list goods in their homes made in another country. They should write the country of origin for each item on the list.

When students return with their lists, ask why their families bought these goods. Remind them that people trade when they value what they receive more than what they give up. Their families bought these goods, giving up other goods that they valued less.

On a wall world map, place a push pin at your town's location. Place push pins in all countries reported, tying a string from each push pin to your city. Remind students that the goods must have value to their families, or they would not purchase them. Follow-up the activity by discussing how people trading with people in different countries increases the total value of the goods.

**Dear Parent/Guardian:**

**On \_\_\_\_\_, our class will have a “flea” market. Each child should bring small items (no more than five) to school to trade in the flea market. Acceptable items to send would include pencils, stickers, small (old, no longer wanted) toys, and other items that do not have a high price.**

**These trades will be “for good” (that is, permanent), so they should not bring anything that later they will regret giving up.**

**Sincerely,**

Activity 1-2

WHEN DO TRADES HAPPEN?

