

Trade and the World Marketplace

By Cindy Campbell



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Have you eaten in a McDonald's restaurant lately? While you were enjoying your McNuggets, did you know that on the other side of the world someone your age might have been munching a McDonald's meal, too? Many American products can be found in other countries, and many foreign products can be found in the United States. Things we buy everyday may be made in places like Hong Kong or Mexico.

- ² How does this happen? It is all due to *trade*—exchanging products among countries. The more products people in the world exchange, the more connected the world becomes.
- ³ People have traded things for thousands of years. The first traders didn't use money. They used a system called *bartering*. This means that you trade one item for another item. Bartering is done face-to-face. Marbles and sports cards are common things you may collect. If your friend has something you want, you may be able to make a deal by trading a marble or a card for it. Completing that trade would mean that you bartered.
- ⁴ Products or services brought into a country are called *imports*. Products or services sent out of a country are called *export*. It is not always easy to get products from one country to another. When people who trade speak different languages, it is not always easy to communicate. So, why do people trade?
- ⁵ Countries export products for many reasons. When there is too much of a certain product, selling it to another country makes more sense than trying to give it away or throw it away. People in another country might pay more money for the product. Making products keeps jobs for people. Exporting can make money for a country.
- ⁶ Why do countries import products? Some countries need certain things that they can't grow or make. Many people in the U.S. drink coffee, but coffee is not grown in the U.S., so it is imported. People in some countries want expensive products from places like France or Italy. Sometimes products from other countries cost less than the same product made at home.
- ⁷ Governments around the world try to control trade. One way to do this is to charge a *tariff*. Tariff is another word for tax. Putting a high tariff on a product might help keep that

product out. Putting a low tariff on a product might make it easier to bring in. Governments can also *ban* products that might hurt people, like foods or livestock that might carry disease.

⁸ Some countries sign trade agreements. The U.S. is in the North American Free Trade Agreement (NAFTA). The agreement says that the U.S., Canada, and Mexico can buy and sell products without paying any tariffs. More countries around the world are in other trade agreements. These contracts are supposed to help trade work smoothly.

⁹ Trade can cause problems, too. Certain companies have moved their factories out of the U.S. because they have found workers in other countries who will take lower pay. Some U.S. workers have lost their jobs because of this. Another problem is that workers in other countries may not be treated as well as workers in the U.S. This worries some people.

¹⁰ Trade is important and necessary to everyone. We need to think about the problems trade can cause. Keeping McDonald's in India and coffee in the U.S. are reasons to make sure trade works for everyone.

Name _____



Date _____

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<p>1. Which of the following statements about trade is false?</p> <p><input type="radio"/> A Trade has been taking place for thousands of years.</p> <p><input type="radio"/> B Trade takes place only between countries that are close together.</p> <p><input type="radio"/> C Trade is controlled by government.</p> <p><input type="radio"/> D Trade tends to bring the world together.</p>	<p>2. Imports only help the country or business that is selling the product, not the one that is buying the product.</p> <p><input type="radio"/> A True</p> <p><input type="radio"/> B False</p>
<p>3. One reason for exporting is to keep some people working at their jobs.</p> <p><input type="radio"/> A False</p> <p><input type="radio"/> B True</p>	<p>4. Imports may provide things that a country cannot make or grow on its own.</p> <p><input type="radio"/> A False</p> <p><input type="radio"/> B True</p>
<p>5. Imports are more important than exports.</p> <p><input type="radio"/> A False</p> <p><input type="radio"/> B True</p>	<p>6. Tariff and ban mean the same thing.</p> <p><input type="radio"/> A False</p> <p><input type="radio"/> B True</p>
<p>7. Tariffs can be used to protect people from possible problems with imports.</p> <p><input type="radio"/> A False</p> <p><input type="radio"/> B True</p>	<p>8. One problem with trade is:</p> <p><input type="radio"/> A McDonald's is not available in all countries.</p> <p><input type="radio"/> B Workers in other countries might not be treated as well as workers in the U.S.</p> <p><input type="radio"/> C Tariffs are not fair.</p> <p><input type="radio"/> D Bartering is no longer used.</p>

**Trade and the World Marketplace -
Answer Key**

- 1 (B) Trade takes place only between countries that are close together.
- 2 (B) False
- 3 (B) True
- 4 (B) True
- 5 (A) False
- 6 (A) False
- 7 (B) True
- 8 (B) Workers in other countries might not be treated as well as workers in the U.S.



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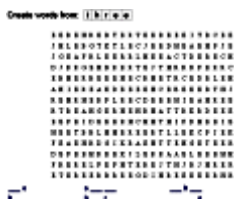
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