

Balance of Trade

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Welcome

Teacher Orientation : Activity Guides

Expedition 5: Balance of Trade

Students graph and analyze the balance of trade between the United States and Japan and prepare position papers on open markets versus protected markets.

Rationale

The United States is the leading customer for Japanese exports. Japan, in turn, buys more products from the US than from any other country. The trading relationship between the two nations offers a microcosm for many of the issues related to trade in the global economy. What domestic markets should be protected? What domestic markets should be open? How do two countries create a "level playing field" for their trading relationship? In this activity, students investigate these questions and formulate a philosophy of international trade.

Materials

- ["Balance of Trade" worksheet](#)

Procedure

1. Introduce the activity and begin an inquiry into the concept of "balance of trade."
 - What is balance of trade? (Balance of trade is the difference between the value of a country's exports and the value of its imports. A negative result indicates a balance of trade deficit while a positive result shows a balance of trade surplus.)
 - What factors contribute to a trade surplus with another country? What factors contribute to a trade deficit?
 - What do you think is best—a trade surplus, a trade deficit, or a balance between imports and exports? Why?

- 2.
3. Divide the class into small groups of 3 to 4 students. Provide adequate time for the groups to access Virtual Expeditions and complete the worksheet. If necessary, ask key questions of groups to support their process.
4. Provide an opportunity for each group to share its philosophy of international trade. Invite the other class members to ask clarifying questions and challenge assumptions.
5. Debrief the activity by facilitating a class discussion.
 - What did you learn about our trade relationship with Japan? What was most surprising? Why?
 - What steps do you think US businesses could take to sell more products in Japan? What steps do you think the Japanese government could take to increase Japanese imports from the US?
 - What do you think are the best arguments for free trade? The best arguments for selected protectionism?
 - As the global economy becomes more and more integrated, what will be the affect on our community and your lives?
- 6.

Extensions

- *Getting to Yes.* Organize a mock "trade summit" with representatives from the US and Japan. Research issues of importance to your side and be prepared to argue your case with examples and trade data. Present your views and negotiate agreements that benefit your country. Hold a "press conference" to announce areas of agreement.
- *Free Trade?* Organize a debate between proponents of free trade and those who argue for protectionism for selected national markets. Research issues of importance to your side and be prepared to argue your case with examples and trade data.

View this online at: <https://nautilus.org/pegasus/balance-of-trade/>

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