Buying And Selling
How Trading Shapes Our World

641 W Lake St, Suite 301
Chicago, IL 60661

info@learningseed.com
www.learningseed.com

Buying And Selling

How Trading Shapes Our World

Learning Seed Catalog and ISBN Numbers

DVD LS-1317-08-DVD ISBN 1-55740-532-8

Closed Captioning

This program is closed-captioned.

Questions/Comments

Please contact us with any questions or concerns at:

Learning Seed

641 W Lake St, Suite 301
Chicago, IL 60661
PH 800.634.4941
FX 800.998.0854
info@learningseed.com

The Program
Summary

What does it mean to live in a consumer society? How do your consumer decisions impact society? Note that fabric for Gandhi, tea for the American Revolution, and a seat on the bus for Rosa Parks were all catalysts for social change. The stuff of everyday life— what we eat, wear, and consume—is important.

When you buy a t-shirt, a pair of shoes, or a cup of coffee, you're taking part in the global economy. Buying these items links you in an amazingly complex web of people all over the globe. Every consumer decision you make sends messages, a pattern of ripples around the globe. *Buying And Selling* helps make some of these "butterfly effects" visible. Your students will learn to see the "big picture" that is part of their daily consumer choices. The marketplace of buying and selling is far more than a convenient way to get the stuff we want—it shapes personal freedom and drives material progress.

You've heard that a butterfly beating its wings in the jungle can change life in far away lands. When you play your role as a consumer, you are that butterfly.

Learn:

- What it means to be a consumer.
- How shopping is trading in disguise.
- How to turn a frog into a computer (no magic required).
- What role markets and trading play in your life.
- How poverty relates to markets, money, and trade.
- How everyone profits from profit.

The Basics Of Trade

How one man turned a paperclip into a house

In July 2006, Kyle MacDonald bought a house for the cost of a paperclip. A year earlier, Kyle set out on a quest to barter for a house by "trading up," starting with a single red paperclip. He started out by trading the paperclip for a pen shaped like a fish. Not long afterwards he traded the pen for a sculpted ceramic doorknob. After fourteen trades, MacDonald met his goal when his final trade gained him a two-story farmhouse in Kipling, Saskatchewan. It sounds outrageous, but Kyle's story is true. (You can read the whole story at his website, www.oneredpaperclip.com.) He created a network of trading partners that enabled him to gain what many would have thought an impossible goal.

You may not think so, but you do the same thing when you shop. It may not seem so—you don't barter, you use money or a credit card. But money is really just an invention that makes trading easier, and checks and credit and debit cards are inventions that make money easier. Money is so powerful an invention that no society that has ever learned about it has decided not to use it—it's a lot easier than bartering. But using money is still a form of trade—making exchanges to get things that we want.

It's obvious that Kyle MacDonald gained something through his trades. The difference in value between the paperclip he began with and the house he ultimately gained is his **profit**. He spent a lot of time and energy conducting his trades, which are part of his **cost**. When we buy or trade for something, we gain wealth—we get something that we didn't have before. But the person we buy from or trade with gains something, too. Both sides consider themselves better off after the transaction. The individuals in Kyle MacDonald's trading network made their trades because they wanted what he had to offer more than what were giving.

When you buy something from a business, the owner makes a monetary profit. But you gain something, too. **Consumer surplus** is the gain that you receive when you buy something for less than you were willing to pay. When you buy a $4 sandwich, it's because the sandwich is worth more to you than the $4 in your pocket. If you didn't think it was worth it, you'd keep the money in your pocket or buy something else. You probably don't think of this kind of gain as profit. But the enjoyment or self-improvement you get from this kind of purchase contributes to your **wealth**. Wealth isn't how much money you have, but how content and satisfied you are. We think of poverty as lack of money, but that lack is a symptom, not a cause. Poverty means lacking something to trade, or the knowledge about how to trade, or the freedom to trade. If it were a simple lack of money, the government could print more cash and give it to the needy. But having too much printed money destroys wealth rather than creating it.

Many people think of wealth as a pie. A pie has a set number of pieces. If you take a piece, it means someone else can't have it—and when the pie is gone, it's gone. Many sports operate the same way—one team wins, and another loses. If a win is a plus one and a loss is a minus one, the entire season will always add up to zero. A sport like baseball is a **zero sum game**. But wealth isn't like a pie or baseball at all—it's more like talent. If you practice hard at playing the piano, you'll get better at it and gain skill. That doesn't mean that someone else loses his or her talent. There's no fixed amount of talent, and one person's gain doesn't mean another's loss.

If things really did operate this way, there wouldn't be trade—only stealing. Stealing is an "involuntary transfer" that produces no wealth. There's no trading network, no consumer profit, no sense of a fair deal. Nevertheless, many still think of profit as a kind of "legal rip-off." They think that retailers who buy a t-shirt for one dollar and sell it for ten are winners, and the people that buy the shirts must be losers. But if those consumers weren't willing to pay ten dollars for those t-shirts, they wouldn't. They would buy from somewhere else, or would buy something else. The buyer gains something they think is worth as much or more than the money they spend, and everyone gains—from the farm that grew the cotton down to the person who wears the shirt. We're all part of an enormous international trading community, a network of strangers who all profit from their interaction.

International Trade Networks

What's behind a shirt?

When you buy a shirt, you probably think of it as "brand new." In fact, there is a complex history that precedes your purchase, beginning months before you even know you want to buy a shirt. It all begins on a cotton field, where workers run machines that harvest the cotton and package it into modules that weigh over two tons each, enough to make over thirteen thousand shirts. These workers are the first step in the trade community behind your shirt: they trade their time and skill for a salary. But there wouldn't be a shirt if they were the only workers involved—they know how to run the harvesting machines, but not how to weave and sew the cotton to make shirts. For that, the cotton must be shipped by truck or train to California, where it is loaded on a ship bound for China. There it is spun into yarn, knitted into cloth, and cut and sewn into a shirt. Labeled "made in China," it is then shipped back to the United States by boat. Then it is shipped, again by train or truck, to the store where you make your purchase. You don't give the store advance notice of what you want to buy, but the store has your size in stock and is ready to trade.

Even that is just a small part of the shirt's history. Oil from the Middle East is pressed into plastic for the shirt's buttons. Dyes from many different countries provide color. The machinery that weaves the cotton may be made in Germany. Some shirts are assembled in Malaysia or Honduras instead of China, and the ship captains, train engineers, and truck drivers who transport the materials and finished products come from all over the world. When you make your purchase, you contribute to an international trade network of thousands of individuals. None of these people acts out of a moral obligation to clothe the world. They're all acting to improve their own lives. Your money may not be enough to provide adequate trade for every person in that network, but combined with the twenty million other people that buy a shirt every day, your money becomes part of a much larger world of trade than what you see in the store. Our ancestors would think it miraculous that we could buy ready-made clothes in a wide arrange of styles and sizes on demand. The trade network behind the clothing we wear provides a livelihood for hundreds of thousands of people around the world, and convenience for us. It's a "win-win" situation—trade improves the general welfare.

Externalities: Unintended Consequences

Positive and negative impact

International trade has some unintended effects. Economists call these **externalities**, because they involve people or things that are not involved with the trade. Many externalities are positive. Your purchase of a new shirt might make your mother happy—she's been complaining that your old shirts were starting to look worn. The trade—your purchase of the shirt—has a positive impact on her, but she isn't a partner in the trade. But there are negative externalities, too. One of the biggest negative externalities is pollution. The cotton growers for the shirt treat their plants with pesticides, which might flow into nearby streams and lakes or drift in the air to nearby cities. The trucks that transport the shirts create noise and fumes. This pollution affects many people who aren't involved with your shirt purchase.

The international nature of trade means that negative externalities can have international impact. Consider a cashmere sweater: cashmere is a soft fabric made from the wool of Asian goats. For centuries it was an expensive luxury, but retailers can now buy inexpensive cashmere sweaters from China for 75% less than from European sources. The goats that make the wool for these inexpensive sweaters are raised on the Alashan plateau near Mongolia. The increasing demand for cheap cashmere has caused a boom in goat farming in this region, and all those goats—25 million of them—have turned much of the region's grasslands into desert. China's deserts grow over 400 square miles a year, and that means more dust storms on the Alashan plateau. In 2002, one such dust storm cost South Korean businesses billions in damages and forced over a million people to seek medical help. As these dust storms cross the pacific, they contribute to pollution and haze in California. Of course, there's one minor positive externality mixed in with these bad ones—the dust particles diffuse sunlight and give California beautiful sunsets.

None of these effects are intended. We buy products imported from other countries for a variety of reasons, but most often because they are either cheaper or of better quality than domestically produced options. Because of this kind of preference, governments use **tariffs** and quotas to restrict foreign goods and protect or favor certain workers or industries. For example, cotton from India is taxed to help American cotton producers. This tariff reduces the cost imbalance and makes American cotton a more attractive option. The cost of these tariffs is ultimately covered by consumers, who must pay more for the end product. Consumers pay these hidden taxes on thousands of items. It's no surprise that this kind of trade regulation is a major cause of debate and conflict between nations.

In some cases, trade itself can be used to control negative externalities. For instance, a developer can get permission from the Environmental Protection Agency to fill in small, low-quality wetlands by paying for improvements on larger or higher-quality wetlands elsewhere. This leads to an overall improvement in wetland quality. 37 nations around the world are involved in a "carbon credit" program that combats global warming. Companies who cut their carbon emissions get credits that they can then sell to other companies that are unable to cut their pollution, giving a financial incentive to reduce their emissions. A similar trading program helped to fight acid rain in the Great Lakes region.

The personal toll of negative externalities

Negative externalities can often lead to a lot of problems for individuals. In the early 1900s, the town of Muscatine, Iowa was a booming town, home to 43 factories that produced mother-of-pearl buttons. In that era, buttons were made by punching circles from the shells of river clams. As people began switching from making their own clothing to buying ready-to-wear garments, Muscatine's industry boomed. At its peak, it produced over a third of the world's buttons, and a third of Muscatine's residents worked in the button factories. All of that changed with the invention of plastic. Plastic buttons were far less expensive to produce than mother-of-pearl ones, and so clothing manufacturers switched to the new material. Consumers gained since they were able to buy clothes for less. But the inhabitants of Muscatine and other cities along the Mississippi lost their jobs. Muscatine has made a comeback since the 1920s, but most of the jobs its residents now hold did not exist in the early 1900s.

These days, there's a lot of talk of jobs "going" to other countries. For instance, it's easy to see that textile jobs go to China to make cashmere sweaters. But there's another side that we don't see: between 1995 and 2002, China lost nearly ten times as many textile jobs as the United States. Jobs aren't going overseas so much as going away entirely. Growing, harvesting, and spinning cotton are now done by huge machines that require only a few people to run. 150 years ago, cotton production involved lots of people and not many machines. (That's one of the unfortunate reasons behind slavery.) Increased mechanization means decreased employment. In many ways, this is a good thing. Factories in the United States in the 18th and 19th centuries were sweatshops that used child labor to produce cheap goods for England and parts of Europe. Mechanization eliminated these jobs. This meant some short-term hardship for those former employees, but in the long term it made our society better and wealthier. Today, market economists use laws, unemployment insurance, and taxes to provide a safety net and protect workers whose jobs disappear.

Information: The key to trade

In the early 1900s, no one in Muscatine could have predicted the impact plastic would have on the button industry. Plastic is made from oil, and for centuries oil was considered a nuisance that gunked up the ground and made land unusable. It was information that made oil valuable—the knowledge of how to use its stored energy in engines or press it into solid plastic. Information has a big impact on trade: we've lived in an "information economy" for centuries. In some cases information is the product being traded. For instance, if you call an electrician to fix a lighting problem, he may need to do nothing more than flip a switch in your basement. He charges $200 for the service call—but you now have the information you'll need to fix the problem yourself if it happens again.

Sometimes, an imbalance in information can limit the extent to which one party benefits from a trade. For instance, say you sell an old painting you found in your garage for $20 at a yard sale. You're glad to have gotten something for it—until you see the same painting hanging in a gallery with a $2000 price tag. In this case, the buyer knew something about the value of the item that you did not. Since key information was held by only one party, the benefits of the trade flowed to the knowledge holder. Blackjack is a game where players attempt to profit in spite of hidden information. It's not **transparent**—the information is not plainly available to the players. Transparency would ruin a card game, but it's important for fair trade.

How information is interpreted impacts its value. Professional sports teams have a lot in common with the stock market: both involve trading based on predictions of future performance. When sports teams trade players, each side believes it is increasing its own wealth. Both sides of the trade think that what they're getting is equal to or better than what they're giving, and that they'll win more often as a result. Consistently successful traders are either lucky, have superior information, or are better at interpreting the information available. The stock market functions in a similar way—traders buy stocks they think will do well and sell stocks they think won't perform as well.

The Internet is making our information economy more transparent. It makes vast amounts of information available to its users. An Internet user might be able to find out the value of a painting and get a better price, learn how to fix a lighting problem instead of calling the electrician, or research stock performance and make an informed decision about where to invest. One reason market economies protect the freedom of the press is to help ensure a free flow of information. Trade is an essential part of human society. Market economies require cooperation and trust among strangers. When trade isn't conducted in a way that consumers consider fair, they can demand their rights in ways that have long-lasting effects. Rosa Parks demanded a fair trade for her bus ticket and launched the civil rights movement. The Boston Tea Party was about the freedom to trade, and it was an important precursor of the American Revolution. When we buy and sell, we are taking part in one of the key forces that has shaped civilization—trade.

Review

- We use money rather than bartering when we shop, but we're still participating in trade. Money is simply an invention to make trade easier.
- Your wealth isn't how much money you have, but how content and satisfied you are. Poverty is a symptom of low wealth, not a cause.
- Wealth is not like a pie or a game of baseball. Gaining wealth doesn't mean taking it away from someone else. It's more like talent—with practice, you can get better without taking away someone else's talent.
- Both sides profit from a trade. If one side didn't think what it was getting was equal to or better than what it was giving up, the trade wouldn't happen. If both sides didn't benefit, we wouldn't have trade—we would have theft.
- Things that we purchase every day are available to us because of international trade networks. You are able to buy a shirt because of a trade network that includes cotton growers in Texas, factories in China, dye makers in India, and truck drivers from around the country. Everyone in this trade network works for their own benefit—the network provides them all with trade for their time and service.
- Trade can have unintended consequences, which are called externalities. These can be either positive or negative. Pollution is one of the biggest negative externalities of international trade.
- Trade can sometimes be used to control negative externalities. Several countries are trying a "carbon credit" program to combat global warming.
- Governments use tariffs to control imported goods and protect domestic industry.
- The changing nature of production can lead to personal negative externalities—for instance, unemployment due to a closed factory. These externalities can be quite painful in the short term, but society as a whole generally benefits in the long run. For instance, increased mechanization ultimately led to the end of child labor in America.
- Information is the key to trade. If both parties know all the information relevant to their trade, it will be a transparent transaction and both sides will get a fair deal. If one trade partner has more information than the other, the benefits of the trade will probably flow to that partner.
- The Internet is creating greater transparency in all kinds of trade. It's easier for trading partners to learn relevant information.

Interactive Elements
Questions For Discussion

1. Brainstorm a list of the positive and negative externalities that might arise from the international trade network behind the purchase of a shirt. What unintended effects do the production, transportation, and sale of the shirt produce?

    Pollution is a major negative externality the clothing industry. Pollution may occur from the factories where the shirts are produced, the trucks and boats that ship them, and the store that sells them. Positive externalities can be harder to identify because they are often somewhat more removed from the trade itself. If the cotton farm does well, it may be able to expand and employ more workers, which would create greater demand for quality education and improve the local school district. If its owners make greater profits, they will be able to make great charitable donations. And since every member of the trade network is compensated for his or her contribution, the subsequent trades they participate in will lead to a general increase in wealth.

2. Discuss the positive and negative impact of the departure of an industry like Muscatine's button business. How does this kind of factory closing help and hurt individual families and society in general?

    Sudden unemployment can be devastating for families, and when many jobs are lost at once it can have far-reaching impact on a one-industry town like Muscatine. The loss of jobs in this kind of town will have a wider impact on the local economy as fewer people have money to spend. But in the long run, the departure of the button industry gave the next generation greater opportunities: where before they would most likely have worked in the factories as their parents did, they now had an impetus to look for better jobs elsewhere. And the availability of plastic buttons makes clothing less expensive for consumers nationwide.

3. The video explains that both sides benefit from a trade. How to you "profit" when you buy something?

    When you make a purchase, what you're buying is worth more to you than the money in your pocket. If you can buy something for less than you were willing to pay, your consumer surplus is a way of quantifying your "profit" from the trade.

4. The video explains that wealth is not like a pie with a limited number of pieces. Discuss the unlimited nature of wealth. How is it possible for both sides to gain wealth in a trade?

    The value of items is relative. Trades only happen where both sides are able to get something that is worth more to them than what they had. Every trade increases the total amount of wealth available, because both sides have profited. Remember, wealth isn't a measure of money, but a measure of satisfaction.

5. Discuss the impact of the Internet on trade. How does greater access to information help trading partners?

    The Internet allows partners in a trade to educate themselves about what they're trading for and what it's worth. It also helps people find the fairest deal. By making trading more transparent, the Internet helps to ensure fairness for all trading partners.

Suggested Activities

1. Keep a “consumer diary” for a week. Record every trade you’re involved in, whether you’re buying, selling, or bartering. Make a note of several things for each trade: did each side benefit? How transparent was the trade? Did you or your trading partner have a consumer surplus? Are there any notable positive or negative externalities to the trade?

2. Research the production, distribution, and sale of any everyday product, such as a type of clothing, a household object, or a kind of vegetable. What trade partners are involved in the network that makes this item available? Be sure to consider where the raw materials are made or grown, how they are transported, and where they are processed or built.

Consumer Economics

Evaluation/Testing

Fill-In-The-Blank

Fill in the blanks with the correct words from the bank at the bottom of the page.

In a trade, both sides benefit. Both parties in a trade end up with something that has a greater relative value than what they started with, so both make a __________. You may not think of it as such, but you even get this benefit when you buy a sandwich for lunch. If you buy it for less than you were willing to pay, you get a __________ that you can then spend on something else. Because everyone benefits in this way, wealth is not like a __________ where one person's gain means another's loss. __________ is how satisfied you are, not how much money you have—and trades satisfy both parties. If they didn't, they would be stealing—an __________ transfer where only one party benefits. That's not to say that nothing bad can come from trade. The __________ trade networks that make it possible for you to buy everyday objects easily and cheaply have a number of __________ consequences, or "externalities." One major negative externality is __________, but some governments are using __________ to combat this with "carbon credit" programs. The Internet is making trade easier and more __________ by making information broadly available to all potential trading partners. Next time you make a purchase, sale, or trade, think about how you're taking part in one of the forces that has shaped human civilization.

Word Bank:

unintended
involuntary
pollution
trade
profit
transparent
zero sum game
consumer surplus
wealth
international

Consumer Economics
Fill-In-The-Blank *Answer Key*

Fill in the blanks with the correct words from the bank at the bottom of the page.

In a trade, both sides benefit. Both parties in a trade end up with something that has a greater relative value than what they started with, so both make a **profit**. You may not think of it as such, but you even get this benefit when you buy a sandwich for lunch. If you buy it for less than you were willing to pay, you get a **consumer surplus** that you can then spend on something else. Because everyone benefits in this way, wealth is not like a **zero sum game** where one person's gain means another's loss. **Wealth** is how satisfied you are, not how much money you have—and trades satisfy both parties. If they didn't, they would be stealing—an **involuntary** transfer where only one party benefits. That's not to say that nothing bad can come from trade. The **international** trade networks that make it possible for you to buy everyday objects easily and cheaply have a number of **unintended** consequences, or "externalities." One major negative externality is **pollution**, but some governments are using **trade** to combat this with "carbon credit" programs. The Internet is making trade easier and more **transparent** by making information broadly available to all potential trading partners. Next time you make a purchase, sale, or trade, think about how you're taking part in one of the forces that has shaped human civilization.

Consumer Economics
Multiple Choice Worksheet

Circle the best available answer for each of the following:

1) The gain you receive when you buy something for less than you were willing to pay is called:
   a) profit
   b) wealth
   c) consumer surplus
   d) cost

2) One major externality of international trade is:
   a) pollution
   b) tariffs
   c) transparency
   d) profit

3) Trade benefits both parties. This means it is not:
   a) transparent
   b) a zero sum game
   c) a negative externality
   d) subject to tariffs

4) How content and satisfied you are is your:
   a) wealth
   b) profit
   c) consumer surplus
   d) positive externality

5) The cost of cheap imported goods can often be increased by:
   a) low wealth
   b) transparency
   c) negative externalities
   d) tariffs

6) When both parties have access to the same information, their trade is:
   a) unfair
   b) transparent
   c) external
   d) online

7) The difference in value between what you give and what you gain in a trade is your:
   a) profit
   b) wealth
   c) consumer surplus
   d) tariff

8) The thousands of people in the international trade network that allows you to buy a shirt work for:
   a) the common good
   b) positive externalities
   c) their own personal profit
   d) consumer surplus

9) The "carbon credit" program is an example of the use of ______ to control negative externalities.
   a) tariffs
   b) positive externalities
   c) trade
   d) international trade networks

10) Money is an invention that:
   a) enhances bartering
   b) makes trade transparent
   c) makes trade a zero sum game
   d) makes trade easier

Consumer Economics
Multiple Choice Worksheet *Answer Key*

Circle the best available answer for each of the following:

1) The gain you receive when you buy something for less than you were willing to pay is called:
   a) profit
   b) wealth
   c) consumer surplus
   d) cost

2) One major externality of international trade is:
   a) pollution
   b) tariffs
   c) transparency
   d) profit

3) Trade benefits both parties. This means it is not:
   a) transparent
   b) a zero sum game
   c) a negative externality
   d) subject to tariffs

4) How content and satisfied you are is your:
   a) wealth
   b) profit
   c) consumer surplus
   d) positive externality

5) The cost of cheap imported goods can often be increased by:
   a) low wealth
   b) transparency
   c) negative externalities
   d) tariffs

6) When both parties have access to the same information, their trade is:
   a) unfair
   b) transparent
   c) external
   d) online

7) The difference in value between what you give and what you gain in a trade is your:
   a) profit
   b) wealth
   c) consumer surplus
   d) tariff

8) The thousands of people in the international trade network that allows you to buy a shirt work for:
   a) the common good
   b) positive externalities
   c) their own personal profit
   d) consumer surplus

9) The "carbon credit" program is an example of the use of _______ to control negative externalities.
   a) tariffs
   b) positive externalities
   c) trade
   d) international trade networks

10) Money is an invention that:
   a) enhances bartering
   b) makes trade transparent
   c) makes trade a zero sum game
   d) makes trade easier

Consumer Economics
Quiz

Match the words in the first column to the best available answer in the second column.

_____	The measure of how content and satisfied you are.	1) profit
_____	The difference in value between what you give and what you get in a trade.	2) talent
_____	The gain that you receive when you buy something for less than you were willing to pay.	3) tariffs
_____	What you give up in the course of a trade, including both the actual thing you trade and any time or energy spent on making the trade happen.	4) wealth
_____	Taxes on imported goods that are used by governments to protect domestic industry.	5) consumer surplus
_____	Unintended consequences of trade, which can be either positive or negative.	6) externalities
_____	Trade is not like a pie, where one person's gain means another's loss, but is more like _______, which can be developed with practice at without taking away from someone else.	7) transparency
_____	A trade where one partner knows more than the other lacks ________.	8) cost

Consumer Economics
Quiz *Answer Key*

Match the words in the first column to the best available answer in the second column.

4) wealth	The measure of how content and satisfied you are.
1) profit	The difference in value between what you give and what you get in a trade.
5) consumer surplus	The gain that you receive when you buy something for less than you were willing to pay.
8) cost	What you give up in the course of a trade, including both the actual thing you trade and any time or energy spent on making the trade happen.
3) tariffs	Taxes on imported goods that are used by governments to protect domestic industry.
6) externalities	Unintended consequences of trade, which can be either positive or negative.
2) talent	Trade is not like a pie, where one person's gain means another's loss, but is more like ________, which can be developed with practice at without taking away from someone else.
7) transparency	A trade where one partner knows more than the other lacks _________.

Additional Information

Glossary

Consumer surplus The gain that you receive when you buy something for less than you were willing to pay. If you have $10 for lunch in your pocket and you buy a $5 sandwich, the remaining $5 is your consumer surplus.

Cost What you give up in the course of a trade, including both the actual thing you trade and any time or energy spent on making the trade happen.

Externalities Unintended effects of a trade on people or things not directly related to the trade. Externalities can be either positive or negative.

Profit The difference in value between what you give and what you receive in a trade. Trades generally only happen where both sides can profit, because the value of what's being traded is different to each trading partner.

Tariffs Taxes on imported goods. Tariffs help governments to control prices of certain goods and protect domestic industry.

Transparency When both partners in a trade have access to all of the information relevant to the trade, it is transparent. An imbalance in information can make a trade unfair, but a transparent trade is more likely to be a good deal for all parties.

Wealth Wealth is best considered as a way of describing happiness, satisfaction, and contentment. You can have money without wealth and wealth without money—wealth is a subjective measurement of how you feel about your life. Poverty is a symptom of lack of wealth rather than a cause.

Zero sum game In a game where one side wins and another side loses, the number of wins and losses will always balance each other out. If a win is a plus one and a loss is a minus one, the sum of all games played will always be zero. Trade is not a zero sum game—one side's success does not mean the other side's loss.

For More Information…

Internet Resources

The Economist: Economics A-Z→ http://www.economist.com/research/Economics/

A helpful glossary of economic terminology from the magazine of world business and international affairs.

Environmental Education→ http://www.ee.enr.state.nc.us/consumer.htm

This resource guide from the North Carolina Department of Environment and Natural Resources encourages consumers to learn where the products they buy came from and how they were produced. If you're concerned about the negative externalities of your purchases, this is a great resource to explore.

What is International Trade?→ http://www.investopedia.com/articles/03/112503.asp

This article lays out the basics of international trade in an easy-to-understand way. Includes links to Investopedia's glossary of economic and financial terminology.

Print Resources

Frank, Robert. ***The Economic Naturalist: In Search of Explanations for Everyday Enigmas***. New York: Basic Books, 2007.

Frank offers the economic answers for puzzling everyday mysteries: Why do drive-through ATMs have Braille on their keypads? Why does it cost more to fly round-trip from Kansas City to Orlando than from Orlando to Kansas City? The answers reveal the logic behind basic economic truths.

Friedman, David D. ***Hidden Order: The Economics of Everyday Life.*** New York: HarperBusiness, 1996.

Friedman explains how the basic principle of economics can explain all aspects of human behavior. A great text for illustrating how self-interest guides our choices.

Hazlitt, Henry. ***Economics in One Lesson: The Shortest and Surest Way to Understand Basic Economics.*** New York: Arlington House, 1979.

If you need to learn economics in a hurry, Hazlitt's guide is a great place to start. This book boils the subject down into a single lesson, then presents a wide range of examples to illustrate how the principles apply in all kinds of situations.

Landsburg, Steven E. ***Armchair Economist: Economics & Everyday Life.*** New York: Free Press, 1995.

Landsburg's highly readable analysis shows an economist's-eye view of everyday events, debunking some common misconceptions about how economies work along the way.