

Unit 1 Basic Concepts of Trade

Time needed to complete unit 60 Minutes

Why is this important to know?	Participants need a basic understanding of trade to understand how these events impact us and the world around us.
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Objectives/Purpose	Understand the basic concepts of trade and the terminology used in trade discussions.
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How to use this information Use the activities below to

1. Take vocabulary pretest and review power point for correct terminology
2. Review 2-country example to reinforce trade concepts
3. The crop budgets illustrate the competitive advantage of 3 factors they would encounter.

Learning Method:

1. Click on the link to the vocabulary pretest “IntlVocabMatchingRB.pdf” and take the pretest. You may want to print it off on paper to make it easier to complete. After taking the pretest go the “Vocabulary.ppt” power point file and review the answers.
2. Next open the file “Two Country.pdf”, review and complete the discussion questions.
3. Next go to the file “Crop Budgets.ppt” and review it. Look at the various costs for the inputs. Notice the differences in land, labor, machinery and other input costs. Open “Crop Budget Review.doc” for a summary of some of the major points.

Supporting Materials

Activity 1: Open file “IntlVocabMatchingRB.pdf”, print off the Worksheet and complete it. Then open the file “Vocabulary.ppt” and review the answers.

Activity 2: Two country comparison: Open the file “Two Country.xls” and complete discussion questions.

Activity: 3: Next go to file “Crop Budgets.ppt” and review it. Open “Crop Budget Review.doc” for summarized points.

References:

International Trade Vocabulary Source: 2003. Krugman, Paul R. and Maurice Obstfeld. International Economics: Theory and Policy. Boston: Addison Wesley. Various pages.

Two County Case developed by Donald Hofstrand, Iowa State University Extension Farm Management Field Specialist and reviewed by Sherry Glenn, Iowa State University Extension Central Area Director and Kelvin Leibold, Iowa State University Extension Farm Management Field Specialist

Crop Budgets and supporting notes developed by Kelvin Leibold, Iowa State University Extension Farm Management Field Specialist