

Name \_\_\_\_\_

Date \_\_\_\_\_



# What is Trade?

Trade is the exchange of services and goods,  
Let me clarify and make sure it's understood.  
What's a good? Something that is made or grown for sale,  
Like a vegetable, cell phone or laptop from Dell.  
A service is the work that somebody provides,  
Like a US architect designing buildings for Dubai,  
Trade can happen between three things, trust me:  
Between people, businesses and countries.  
When people willingly trade with each other, both win,  
Because they each get what they want in the end.  
For example, when Levan goes to the gas station  
And fills up his truck with a Benjamin Franklin,  
He loses the \$100, but gains a full tank.  
The store loses gas, but gains \$100 for the bank.  
The US imports or brings in electronics  
From those who specialize, like Japan's Panasonic.  
Some countries produce things faster and cheaper,  
Which is why we might import a Kia from South Korea.  
We export too, we send out a lot of things,  
Like billions of dollars worth of gasoline.  
Because the US is a great source of gas.  
Which can fuel a vehicle so that you can zoom past.  
Gas doesn't naturally occur everywhere, too,  
So countries that don't produce it get it from countries that do.  
  
We'll sell you this. Sell us that.  
It says "Made in Thailand" inside of my hat.

Export, import is key. Follow me.

Trade makes up the global economy.

(x2)

Trade between countries can be free or restricted,

Let me dive deep, like the Pacific.

Free trade agreements allow countries to trade

With few or no restrictions, so deals can be made.

For example in '94, NAFTA was established,

Letting three countries trade most goods without taxes,

Or tariffs—the US, Canada and Mexico.

Will there be another trade agreement? You never know.

But sometimes countries want to restrict trade,

So companies in their own country can get paid.

Want to encourage people to buy goods that are domestic,

So what is made or grown on their own isn't neglected.

And sometimes governments add tariffs or quotas,

Which limit the number of products a country can send over.

And that can raise the price of goods that are imported,

And people tend to buy what they can afford, so it's

A good way to make domestic products more attractive.

People love to save, so it's a great tactic.

Some put restrictions for another reason,

Humanitarian or political, even.

Like the US placed an embargo on Cuba,

A ban on trading certain goods. They couldn't get through to

The US, so it hurt Cuba's economy.

See, it was a tactic to make them change some policies.

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