

## Overview

Students will simulate trading under different kinds of trade rules and then reflect on the advantages and disadvantages of each set of rules.

## Length

One class period

## Materials

- [How Trade Rules Are Written \(World101\)](#)
- A collection of small items of various values to use as trade goods, such as small pieces of candy, sticks of gum, homework passes, and extra credit points

## Instructional Plan

1. Distribute trade goods to students unevenly, as if the students were countries that specialize: some students get only candy, others get only homework passes, and so on. When possible, distribute to students goods that they do not want (e.g., if a student has a sweet tooth, give them a homework pass instead of candy) in order to encourage trading.
2. Explain that the students will be allowed to trade but that they first need to come up with ground rules. Divide the class into two groups. One group, simulating the World Trade Organization (WTO), needs to come to a consensus on trade rules and write those rules on the board before anyone can trade. The other group, representing regional trade agreements (RTAs), can make any number of bilateral or “regional” agreements, each of which has to be written on the board (to simulate notifying the WTO). In this group, anyone can trade with anyone else they have an agreement with.
3. Trade agreements must clearly state
  - exchange rates for all products that will be traded under the agreement
  - a dispute resolution mechanism if someone thinks they have been cheated (rock-paper-scissors, mediation by the teacher, etc.)
  - how long the agreement stays in force (only for a few

# Trade Agreement Game

- minutes, for the rest of class, the rest of the week, etc.)
4. After the students have made their agreements and traded their goods, lead a reflection:
    - a. Which group could start trading more quickly? Why?
    - b. Which group was more chaotic? Why?
    - c. What are the advantages and disadvantages to trading under the WTO and the RTAs?
    - d. How did this exercise differ from how trade agreements work in real life? (One important difference is that in real trade agreements, the exchange rate would be set by market forces and not by the agreement.)