Trade

Why do countries trade?

Trade is as old as civilization itself. Before the advent of money, people bartered goods with one another to secure what they could not produce themselves. In trade, one side brings goods or services that it can produce more readily than their trading partner. Pottery, jewelry, metal items and other durable goods are evidence that archaeologists rely on to document the existence of trade among prehistoric peoples.

Influence and Consequences of Trade

The control of trade can be a very significant economic and political factor in the history of a nation. In the late 1200s, Marco Polo traveled over land to Persia (now Iran), then through the Pamir Mountains and the Gobi Desert, to Beijing, China. The book he wrote of his adventures stimulated European interest in trade. Venice merchants became wealthy and used the navy of the city to protect its superiority. Spanish and Portuguese ships set sail for the New World in search of gold and spices but came back with new products like potatoes, sugar and corn that greatly improved European diets. In exchange, they took metal tools and horses that impacted indigenous societies.

For the past several centuries, nations with highly developed manufacturing bases have looked to less developed countries to supply raw materials and to become markets for their products. In the 1700s, Britain and France adopted a policy of mercantilism that sought to protect domestic industries, often at the expense of their colonies. They instituted tariffs on foreign products coming into the country and restricted their colonies from trading with any other nations. This led to global competition for empires. In North America, Britain and France competed for the fur trade along the Great Lakes and the Ohio River valley. In 1763, the British defeated French forces in the battle for Canada and eliminated French influence on the continent. In the United States, the demands for slave labor in the 19th century and in recent times for oil, rubber, foods and metals have greatly influenced American foreign policy.

Fair Trade Practices

Sometimes the policies are enforced by military intervention or the support of dictators or the wealthy who permit the practices for the own benefit. Not everyone supports trading practices that put one side at a disadvantage. “Fair trade” rules try to ensure that the interests of the producers of the natural resources, often small farmers or factory workers, are protected. Fair trade practices may include demands that the workers who produce the goods receive decent wages and have safe working conditions. The elimination of child labor or sweat shops is often a goal of fair trade negotiations. Those products that follow fair trade practices are allowed to publicize their compliance in the hope the consumers will support their efforts, even if it means the product may cost more than competitors. It is often difficult to enforce fair trade provisions when the source of products is hard to determine. Sometimes consumers prefer the less expensive products despite the manner in which they were produced.

Trade in Iowa

Since its first days in the Union, Iowa has been a major exporter of agriculture products. Because of the expense of shipping corn, 19th century farmers converted corn into hogs and shipped meat first by rivers and then by rails. Corn and soybeans are major U.S. exports, especially to Asia. In recent times, disputes over tariffs have been a source of growing tension between the United States and China.
Supporting Questions

Why do countries import and export goods?

- English Map of the Island of Grenada Updated from the 1763 French Survey, 1780 (Map)
- Letter from Thomas Jefferson to Charles Thomson Estimating Imports to the United States, April 22, 1786 (Document)
- Tax Rates on Common Imports to United States, May 16, 1789 (Document)
- Statement of the Quantity of Spirits, Molasses, Coffee, Cocoa and Sugar from the United States, 1818 (Document)
- Trinidadians Sorting Cocoa Pods, 1900 (Image)
- Drying Cocoa on the Island of Dominica in the West Indies, ca. 1906 (Image)

How has the North American Free Trade Agreement (NAFTA) impacted the U.S. and Mexico?

- “Did NAFTA Help Mexico? An Assessment After 20 Years,” February 2014 (Document)
- “NAFTA’s ‘Broken Promises’: These Farmers Say They Got The Raw End Of Trade Deal,” August 7, 2017 (Document)
- “Why Des Moines and Iowa business leaders support NAFTA,” February 7, 2018 (Document)
- “Six Problems with NAFTA,” June 25, 2019 (Document)

What are fair trade products?

- Côte d’Ivoire Law Enforcement Rescues Children in Chocolate Industry Forced Labor, June 22, 2015 (Image)
- “Child Labor and Slavery in the Chocolate Industry,” 2017 (Document)
- Fair Trade Certified Article about an Indian Factory and Their Use of Community Development Funds, 2018 (Document)
- “Brick by Brick: Rebuilding Public Schools in Côte d’Ivoire,” January 23, 2019 (Document)
- Open Letter from a Certified Fair Trade Farm in Amado, Arizona, Date Unknown (Document)

Printable Image and Document Guide

Additional Resources

Fair Trade Certified
This website provides multiple resources related to “Fair Trade” practices. It includes definitions and examples of companies that are fair trade certified and the impact this has on their community and the global economy. There is also a product feature where the user can search for products to buy that are fair trade certified.

Food Empowerment Project
This website focuses on the work of the Food Empowerment Project, which seeks to create a more just and sustainable world by recognizing the power of one’s food choices. The organization encourages healthy food choices that reflect a more compassionate society by spotlighting the abuse of animals on farms, the depletion of natural resources, unfair working conditions for produce workers and the unavailability of healthy foods in low-income areas.
English Map of the Island of Grenada Updated from the 1763 French Survey, 1780

Description
This handwritten map was made from the original French survey of the island of Grenada, located in the Caribbean, by Monsieur Pinel. The new plan was created in 1780 by order of the English government, and was published with the addition of English names, alterations of property and other improvements made from its original survey in 1763. It also includes the inscription, “Lieutt. General Robert Melvill, late His Majesty’s Captain General, Governor in Chief &c. of the ceded islands of Grenada, the Grenadines, Dominica, St. Vincet, & Tobago, in America.”

Transcript of English Map of the Island of Grenada

Source-Dependent Questions
• When was this map created? What was the purpose of creating this map?
• What commodities are listed as being grown on the island?
• Why would England want to have an island like this?
• How would having control of this island impact England’s trade?

Citation Information
Faden, William, “A new plan of the island of Grenada, from the original French survey of Monsieur Pinel; taken in 1763 by order of government, and now published with the addition of English names, alterations of property, and other improvements to the present year 1780,” 1780. Courtesy of Library of Congress

Courtesy of Library of Congress, Faden, William, “A new plan of the island of Grenada...,” 1780
Letter from Thomas Jefferson to Charles Thomson Estimating Imports to the United States, April 22, 1786

Description
This is one of three pages of a letter sent from Thomas Jefferson which estimated the imports into the United States. Some of the commodities listed include sugar, molasses and salt. Also among the listed commodities from 1786 - “slaves.”

Transcript of Letter from Thomas Jefferson with Estimates of U.S. Imports

Source-Dependent Questions
- What are some common items listed that are expected to be imported into the United States? What are some items that are unfamiliar?
- Why would the United States be interested in importing these things?
- Compare this list to the English Map of Grenada, what might the United States import from Grenada Island based on Thomas Jefferson’s letter?
- Among the listed commodities coming into the United States are slaves. What does this tell you about how slaves were viewed and treated at this time?

Citation Information
Tax Rates on Common Imports to United States, May 16, 1789

Description
This chart from 1789 shows the tax rates on some common imports into the United States. Imports include such commodities like distilled spirits, brown sugar, coffee and cheese.

Transcript of Tax Rates on Common Imports to United States in 1789

Source-Dependent Questions
- What reason does the document give for why taxes need to be placed on the imported goods listed above?
- What are some common imports coming into the United States at this time?
- Compare this document to Thomas Jefferson’s letter and the English Map of Grenada. Why would the United States select these particular items for taxation?

Citation Information
Statement of the Quantity of Spirits, Molasses, Coffee, Cocoa and Sugar from the United States, 1818

Description
This chart shows common exports from the United States between 1915 and 1918. The chart lists the quantities of spirits, molasses, coffee, cocoa and sugar of the growth that were sent to other countries and territories from October 1, 1814, to September 30, 1918.

Transcript of Statement of the Quantity of Spirits, Molasses, Coffee, Cocoa and Sugar from the United States

Source-Dependent Questions
- What U.S. commodities are listed and tracked on the export chart?
- Which countries does the United States export the most amount of commodities to?
- How did the amount brown sugar exports change from 1815 to 1817?
- Why do you suppose countries track their exports?

Citation Information
“No. 4. Statement of the quantity of spirits, molasses, coffee, cocoa and sugar of the growth, produce_c. of foreign countries exported from the United States...” U.S. Treasury Department, 1818. Courtesy of Library of Congress
Trinidadians Sorting Cocoa Pods, 1900

Description
The photograph shows a group of people in Trinidad that are on the ground with a large pile of cocoa pods. They are splitting the pods to extract seeds for drying, which will eventually be turned into cocoa powder. The image shows the hard work that went into getting cocoa beans from pods for trade to other countries.

Source-Dependent Questions
- Describe the image. What are these people doing?
- What does the handwriting at the top of the photo say? Describe the connotations of the word plantation with regard to this photo.
- Using examples from the photo, describe the challenges of this type of work.
- Consider this image and explain why countries trade with each other.
- Compare this source to the Tax Rates on Common Imports document. How might the United States instituting a tax on importation of cocoa impact this industry?

Citation Information
Drying Cocoa on the Island of Dominica in the West Indies, ca. 1906

Description
This photograph from 1906 shows local inhabitants, including children, working to dry cocoa beans in Dominica. The island, located in the Caribbean Sea, was a British colony in the West Indies at the time. The British used Dominica in the 1800s as part of the transatlantic slave trade, by which enslaved people were imported and sold as labor in the islands as part of a trade that also included producing and shipping sugar and coffee as commodity crops to Europe.

Source-Dependent Questions
• The photo shows cocoa beans drying in Dominica, a colony at the time of the British West Indies. Why do you suppose Britain got cocoa beans from Dominica instead of growing it locally? Explain.
• Compare this photo to Trinidadians sorting cocoa pods. What is similar between the photos? What’s different?
• How do these photos help to illustrate the conditions of the workers? And how do these photos help illustrate the unseen side of cocoa production and trade?

Citation Information
“Drying cocoa, one of the industries of Dominica, [British] West Indies [one of the Windward Islands],” ca. 1906. Courtesy of Library of Congress
“Did NAFTA Help Mexico? An Assessment After 20 Years,” February 2014

Description
The February 2014 report was published by the Center for Economic and Policy Research (CERP) about the North American Free Trade Agreement (NAFTA). NAFTA was a trade agreement signed by Canada, Mexico and the United States to create a trilateral trade bloc in North America. The CERP report suggests that NAFTA has been a failure for the Mexican economy.

Transcript of “Did NAFTA Help Mexico? An Assessment After 20 Years”

Source-Dependent Questions
- Where does Mexico rank in real GDP out of 20 Latin countries?
- How does the report use the idea of Mexican emigration to the United States as evidence that NAFTA has been a failure in that country?
- What has happened to Mexico’s unemployment rate since NAFTA began?
- Explain what has happened to the Mexican farmers as a result of subsidized U.S. corn flooding their market since the beginning of NAFTA?
- According to the report, has NAFTA been successful for Mexico? Explain your reasoning with evidence.

Citation Information
"NAFTA's 'Broken Promises': These Farmers Say They Got The Raw End Of Trade Deal," August 7, 2017

Description
In this article from National Public Radio, “NAFTA's Broken Promises,” the reporters interview ranchers and farmers from Montana and Florida to highlight how North American Free Trade Agreement (NAFTA) has affected their livelihoods. According to the interviewees, the trade agreement, which was negotiated with the purpose of removing barriers to the exchange of goods and services between Mexico, Canada and the United States, was seen as harmful to their industries.

Transcript of “NAFTA's 'Broken Promises': These Farmers Say They Got The Raw End Of Trade Deal" Article

Source-Dependent Questions
- According to the article, why are ranchers in Montana against the NAFTA trade deal?
- How have wheat farmers near the Canadian border been negatively impacted by NAFTA?
- How has NAFTA affected produce farmers in the southern United States? Explain.
- How has NAFTA affected farmers in Mexico? Explain.
- According to this document, has NAFTA been good for Mexican and American agriculture? Explain with evidence from the text.

Citation Information
“Why Des Moines and Iowa business leaders support NAFTA,” February 7, 2018

Description
This opinion editorial from *The Des Moines Register* was written by Jay Byers, chief executive officer of the Greater Des Moines Partnership, and Mike Ralston, president of the Iowa Association of Business and Industry (ABI). Their column focuses on reasons why the North American Free Trade Agreement (NAFTA), which was negotiated with the purpose of removing barriers to the exchange of goods and services between Mexico, Canada and the United States, is a critical trade deal for Iowa farmers and businesses.

Transcript of “Why Des Moines and Iowa business leaders support NAFTA” Op-Ed

Source-Dependent Questions
- Why does the Greater Des Moines Partnership and the Iowa Association of Business and Industry (ABI) support the North American Free Trade Agreement (NAFTA)?
- Explain why trade with Mexico and Canada is so important to Iowa farmers.
- What has happened to the gross domestic product of Mexico, the United States and Canada since NAFTA took effect?
- What percentage of Iowa exports are purchased by Canada and Mexico, and what is the total revenue generated?
- Explain why NAFTA has been good for Iowa.

Citation Information
Byers, Jay and Mike Ralston, “Why Des Moines and Iowa business leaders support NAFTA,” *The Des Moines Register*, 7 February 2018. Courtesy of The Des Moines Register

Description
Kimberly Amadeo address the pros and cons of the North American Free Trade Agreement (NAFTA), and she makes the argument that the pros outweigh the cons. Amadeo suggests in this article from June 2019 that the little bit of good that NAFTA has been for everyone collectively, as well as for the economy, outweighs the negative that some small pockets of industry have endured.

Transcript of “NAFTA Pros and Cons: Why Its Six Advantages Outweigh Its Six Disadvantages” Article

Source-Dependent Questions
- How much did NAFTA contribute to the collective GDP of the United States, Canada and Mexico?
- What are the six pros and six cons that the author lays out as arguments?
- Why does the article claim that it is important for the United States to participate in free trade deals?
- Do you think the six pros outweigh the six cons? Explain.

Citation Information
“Six Problems with NAFTA,” June 25, 2019

Kimberly Amadeo’s article from *The Balance* explains how the North American Free Trade Agreement (NAFTA) has been bad for both the United States and Mexico. An example she includes is that it cost the United States a lot of jobs, especially in manufacturing. In Mexico, NAFTA is attributed to make it difficult on the labor force and the environment.

**Transcript of “Six Problems with NAFTA” Article**

**Source-Dependent Questions**

- According to the reporter, what are the six problems with NAFTA?
- Which U.S. industry was hit hardest with job losses?
- Explain what happened to U.S. wages after NAFTA took effect? Why does this matter?
- Describe how NAFTA affected Mexico’s people and environment?

**Citation Information**

Côte d’Ivoire Law Enforcement Rescues Children in Chocolate Industry Forced Labor, June 22, 2015

Description
This photograph shows child slaves in the chocolate industry being rescued. The image was distributed by INTERPOL, the International Criminal Police Organization, and it was taken in San Pedro, Côte d’Ivoire, where more than 48 children have been rescued. Twenty-two people were arrested following an operation targeting child trafficking and exploitation in the country.

Source-Dependent Questions
- Describe the photo. What adjectives describe what is happening.
- What age do the child laborers appear to be? Do you think children this age should be working like this? Why or why not?
- What evidence is there in the photo that the work these children may have been dangerous?

Citation Information
“Child Labor and Slavery in the Chocolate Industry,” 2017

Description

This article from the Food Empowerment Project highlights the dark side of the chocolate industry. The article suggests that child slave labor, and unfair compensation for farmers, are driving the industry. It also states that children are working in dangerous conditions against their will. Purchasing Fair Trade Certified chocolate would seem to be an answer to this problem, however, the article also suggests Fair Trade may not always be what it appears to be.

Transcript of “Child Labor and Slavery in the Chocolate Industry” Article

Source-Dependent Questions

- Which two African countries supply over 70 percent of the world’s cocoa?
- How much does the average cocoa farmer make each day?
- The article highlights child slave labor in the chocolate industry. What evidence is there that the work these children are doing is dangerous?
- How can this article be used to make the argument that consumers should consider buying Fair Trade certified chocolate products?
- How can this article be used to make the case that a consumer should not necessarily trust Fair Trade logos?

Citation Information

“Child Labor and Slavery in the Chocolate Industry,” Food Empowerment Project, 2017. Courtesy of Food Empowerment Project
Fair Trade Certified Article about an Indian Factory and Their Use of Community Development Funds, 2018

Description
This document highlights how a factory becoming Fair Trade Certified has helped the community in a variety of ways. It focuses on a worker's story from Bestitch Knits, a factory in Tiruppur, India, of a mother being able to use their community funds to send her son to college.

Transcript of “Meet Latha and Gautam, Mother and Son in Tirrupur” Article

Source-Dependent Questions
- How did the workers in this Fair Trade factory use their Community Development Funds?
- What other successful projects has this Fair Trade factory been able to fund from their Community Development Funds?
- How can this letter be used as evidence to support the idea that buying Fair Trade Certified commodities can be very beneficial?

Citation Information
"Brick by Brick: Rebuilding Public Schools in Côte d’Ivoire,” January 23, 2019

Description
This article explains how Fair Trade community funds in Côte d’Ivoire are being used to build schools and stock them with school supplies. The article suggests that choosing Fair Trade chocolate products directly benefits families in Côte d’Ivoire by providing revenue to build and run schools.

Transcript “Brick by Brick: Rebuilding Public Schools in Côte d’Ivoire” Article

Source-Dependent Questions
- How was Ecole Primaire Publique (Public Elementary School) of Konan Koffi in Côte d’Ivoire funded?
- Explain why Fair Trade chocolate is crucial to bringing education to the children of Côte d’Ivoire.
- How does this article suggest that buying Fair Trade chocolate is beneficial to the people of Côte d’Ivoire?

Citation Information
Open Letter from a Certified Fair Trade Farm in Amado, Arizona, Date Unknown

Courtesy of Fair Trade USA, “A letter from a certified Fair Trade farm in Amado Arizona. The letter acknowledges the advantage Fair Trade has had on their farm for their employees, their families, and their community,” Wholesum Harvest, Date Unknown

Description
This open letter was written to the Fair Trade Certified organization thanking them for their help in becoming Fair Trade Certified. Since becoming a part of the Fair Trade community, this farm (Wholesum Harvest) has been able to re-invest in health insurance for their employees and their family. Additionally, they are working to help address some pressing needs that have been identified by their workers for their community.

Transcript of Open Letter from a Certified Fair Trade Farm in Amado, Arizona

Source-Dependent Questions
- How much money has this farm been able to send to their Community Development Fund since becoming Fair Trade Certified?
- How have the workers been able to offset the cost of insurance by becoming Fair Trade Certified?
- Explain how becoming Fair Trade Certified has benefited the workers at Wholesum Harvest as well as the community around them.
- How can this letter be used as evidence to support the idea that buying Fair Trade Certified commodities can be very beneficial?

Citation Information
“A letter from a certified Fair Trade farm in Amado Arizona. The letter acknowledges the advantage Fair Trade has had on their farm for their employees, their families, and their community,” Wholesum Harvest, Date Unknown. Courtesy of Fair Trade USA