

Understanding Prosperity Through Change, Progress, & Trade

Answer Key

- How does trade increase individual and societal prosperity?
- How has the world made economic progress in the past few centuries?
- What does it mean to prosper individually versus living in a prosperous society?

In this activity, you will...

- ☐ Students will define economic change, progress, double coincidence of wants, comparative advantage, division of labor, and specialization.
- ☐ Students will examine examples of change and progress throughout history
- ☐ Students will evaluate the costs and benefits of change and progress on society
- ☐ Students will use cost/benefit analysis to identify the relationship between trade and prosperity.
- ☐ Students will explain the connection between the principles of a free society, economic change, and economic prosperity.

Anticipate:

Directions: As you watch the Prosperity video, think about what prosperity means or looks like to you or how it might be achieved.

Record your notes here

Students should note specific examples of what prosperity looks like to them. Answers may include money, a thriving community, etc.

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Engage:

Directions: As you watch the Trade video, think about how trade impacts your daily life.

Record your notes here

Students should note that trade provides them with jobs, food, entertainment, etc.

Directions: Consider Baron de Montesquieu's quote on trade. What do you think it means, and why is it important?

- “Commerce is the cure for the most destructive prejudices, for it is almost a general rule that wherever we find agreeable manners, there commerce flourishes; and that wherever there is commerce, there we meet with agreeable manners. Commercial laws, it may be said, improve manners... we every day see, that they polish and refine the most barbarous.” — Baron de Montesquieu (1689-1755)

Record your notes here

Students should note that trade has led to improvements in human behavior.

Directions: Reflect on the Brown Bag Trade Game and answer the following questions:

- What made you decide if you wanted to trade or not?
- How did the ratings change across each round of change?
- How did expanding the number of people students could trade with affect student ratings?

Record your notes here

Students will likely note that they placed a value upon each item, and that ratings tended to move away from the middle and towards the extremes of the scale as people acquired the item they wanted or realized their initial item was less valuable now that they had seen all their options. Expanding the number of people students could trade with, allows for increased prosperity (higher rating) because there are more opportunities to gain something of value to the student. (point out that the limits of who students could trade with would be an example of trade barriers).

Explore:

Directions: As you watch the Progress video, think about examples of social, political, and economic improvements in the United States.

Students should note that trade requires cooperation and friendliness so that both parties can get what it is they want.

Directions: As you watch the Change video, think about how changes in technology, medicine, and production affect your life.

Examples may include the abolition of slavery, greater equality for women, or increases in the amount of wealth that people have.

Directions: As you read each case study, answer the following questions:

- Based on what you just read, what circumstances made economic change possible?
- What are the costs and benefits of the impacts of each period of economic progress?

Examples may include electronics, antibiotics, mass production of goods, etc.

Assess & Reflect:

Directions: Take the skills and concepts learned in this lesson and think of them in relation to an entrepreneur of your choice. You may choose one from the list below or select your own. Research this individual and answer the following questions.

- Henry Ford (affordable automobiles)
- Madam C.J. Walker (African-American hair care products)
- Jan Ernst Matzeliger (low-cost shoes)
- William Boeing (jet airplanes)
- Clarence Birdseye (Frozen vegetables)
- Mary Kay Ash (cosmetics)
- Michael Dell (computers)
- Steve Jobs (Apple)
- Thomas Edison (inventor)
- Larry Ellison (computer/tech company)
- Ray Kroc (McDonalds)
- James J Hill (The Great Northern Railroad)
- Levi Strauss (Jeans)
- Oprah Winfrey (reporter/entrepreneur)
- Ted Turner (Cable news)

- Sam Walton (Wal-Mart)
- Walt Disney (Disney World)
- Guillermo Gonzalez Camarena (Color TV)
- Arturo Arias Suarez (earthquake seismology technology)
- Tom Love (Love's travel stops)

Can Simone Biles play basketball well against LeBron James? Could LeBron James compete well in the balance beam against Simone Biles? Explain your reasoning.

For each scenario, students should note how comparative advantage and specialization impacted both their answer as well as all of the case studies. Increased education, increased skills, difference in ability and physical attributes, risk tolerance, and value of time are all factors that determine if someone gains comparative advantage.

Should Elon Musk mow his own lawn or should he pay someone else to do it? Explain your reasoning.

Should you represent yourself in a court of law or should you hire an attorney to represent you? Explain your reasoning.

Why do some people hire someone to do things they could do themselves, such as basic plumbing, landscaping, etc.?

Directions: As you read your example and listen to other groups, answer the following questions:

- Based on what you just read, what circumstances made economic change possible?

First Industrial Revolution

Record your notes here

A stable political and legal system along with increased specialization and improvements in technology fueled the First Industrial Revolution.

Second Industrial Revolution

Record your notes here

Improvements in the production of steel combined with an expansion of railroads helped expand trade. People also were able to invest their money into stocks.

The Information Age

Record your notes here

Improvements in electronics made computers small enough for everyday use, and the invention of the internet cemented electronics as a basic part of peoples' lives.

Extend

- Contemplate the following quotes. Choose two and then briefly explain in their own words what the quote means in a modern context.
 - “Peace is the natural effect of trade. Two nations who traffic with each other become reciprocally dependent; for if one has an interest in buying, the other has an interest in selling; and thus their union is founded on their mutual necessities. The total privation of trade, on the contrary, produces robbery .” – Baron de Montesquieu (1689-1755)
 - “If goods don’t cross borders, armies will.” – Frederic Bastiat (1801-1856)

- “Go into the London Stock Exchange...and you will see representatives from all nations gathered together for the utility of men. Here Jew, Mohammedan and Christian deal with each other as though they were all of the same faith, and only apply the word infidel to people who go bankrupt. Here the Presbyterian trusts the Anabaptist and the Anglican accepts a promise from the Quaker.” – Voltaire (1694-1778)
- “Commerce tends to wear off those prejudices which maintain distinction & animosity between nations. It softens & polishes the manners of men. It unites them, by one of the strongest of all ties, the desire of supplying their mutual wants. It disposes them to peace, by establishing in every state an order of citizens bound by their interest to be the guardians of public tranquility. As soon as the commercial spirit gains...an ascendant in any society, we discover a new genius in its policy, its alliances, its wars, and its negotiations” – William Robertson (1721-1793)

Quote Author:

Modern context of quote:

Student answers should note that over time societies developed friendly relations in order to trade with others who had a comparative advantage in producing highly valued goods. This helped lead to the relatively peaceful modern world compared to the past.

Quote Author:

Modern context of quote: