

# BASIC ECONOMICS



## Teacher's Book

The Curriculum Project

**Educasia**  
Education in Context

# ABOUT

## US AND THIS BOOK

This book is published under Creative Commons license:  
CC Attribution-NonCommercial-NoDerives-ShareAlike (CC BY-NC-ND-SA)

ShareAlike is only possible upon a written permission from Thabyay Education Foundation. For more information about our copyright policy and Creative Commons licenses, please visit:  
<http://www.thabyay.org/creativecommons.html>



We value feedback. If you have any comments, corrections or suggestions for improvement, please contact us at **[educasia@thabyay.org](mailto:educasia@thabyay.org)** in Myanmar or **[info@curriculumproject.org](mailto:info@curriculumproject.org)** in Thailand.

For more information about our services and products or to order our book please contact us or visit our websites: **[www.educasia.org](http://www.educasia.org)** and **[www.curriculumproject.org](http://www.curriculumproject.org)**



# Basic Economics

This module provides an introduction to some of the most important economic concepts and issues that shape our world. There is a special emphasis on how economic forces affect Myanmar and other developing countries.

The course includes:

- ▶ a **student's book** containing:
  - 19 chapters of information, exercises and activities
  - a short review section
  - a glossary of difficult words and phrases used in the book
- ▶ a detailed **teacher's book** with:
  - instructions and answers to all exercises
  - the student's pages interleaved with the teacher's notes for ease of use
  - further background information on some topics. The teacher can explain this to the class when appropriate

The course is designed to be as easy to teach as possible, but in order to use it successfully you should think about a few things before you start...

## Language

It is very hard to explain some ideas in simple English. The language in this module is mostly intermediate level, but it also introduces a lot of terms specific to the study of economics. If your students do not have very high level English, you can:

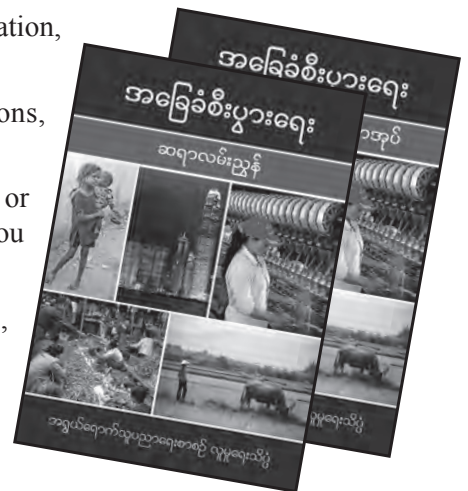
- ▶ **translate** difficult texts, ideas and exercises into students' first language
- ▶ **check** students' understanding of complex ideas and information, e.g. by asking them to explain them in their first language
- ▶ allow students to use their **first language** for discussions, presentations and other activities
- ▶ use the **Myanmar translation** of this module instead of, or as well as, the English one. Please get in touch with us if you would like a copy of the Myanmar version

Remember: the aim of this module is to teach about economics, not English language.

## Selecting and adapting

Teach in a way that matches the needs of your class. You do not need to follow every word of the book. For example:

- ▶ If you don't have enough time to teach the whole course, leave out some sections, and skip activities that will take a long time or won't be very useful for your students.
- ▶ If an activity won't work well in your class, change it to something that will.
- ▶ If you want to teach the subject in more depth, supplement it with other materials: books, documentaries, websites, magazines and so on. You can also do this if students find this module too easy.
- ▶ If the material is too difficult, teach only the most important parts, and have students work in pairs or groups so stronger students can help weaker students.



## Teaching terms

The module uses some words that you may not know in the teaching context.

**Elicit:** To get the students to provide answers, definitions to new words, ideas or opinions (instead of giving it yourself).

Do you know what hyperinflation is?

What answer did you get for question 5?

Do you think free trade is good for poor countries?

**Pre-teach:** To introduce new vocabulary or ideas before students read a text. You can give the words and their meanings in English or in the students' own language, or elicit the definitions from the students.

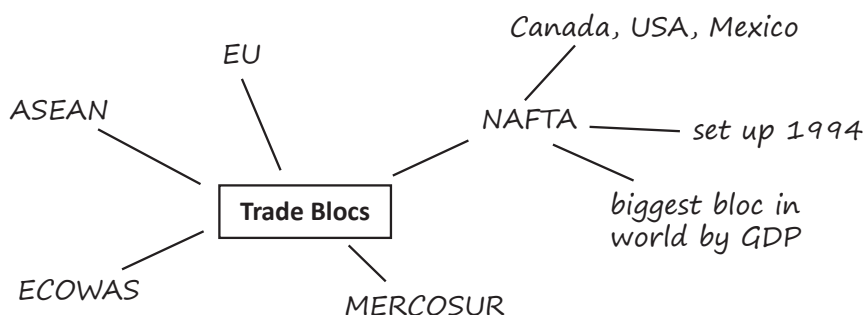
An 'export' is a good or service sold to a foreign country.

What does 'elite' mean?

**Labour** ဆိုတာက ကုန်ပစ္စည်းနဲ့ဝန်ဆောင်မှုတွေကို ထုတ်လုပ်နိုင်ခြင်းဖြစ်တယ်။

How do you say 'globalisation' in Myanmar?

**Brainstorm:** To think of as much as possible about a topic, or examples of something, or a list of items. Often the ideas are organised in a **mind-map** like this:



**Discussion:** A chance for all students (and the teacher) to have a more open talk on the issues or topics in the book. Discussions can be done as a whole class, but if you have a lot of students it may be better to put them in groups so everyone has a chance to speak. The discussions can be very informal, or you can encourage debating of important and interesting subjects. Lots of information about structuring debates can be found on the internet, or we can suggest books on request.

**Groupwork:** Activities that we suggest are done in groups, to encourage communication and cooperation.

**Pairwork:** Work done by two students together.

**On Your Own:** These activities are designed to be done individually.

*Most activities can be done individually, in pairs, in groups or as a class. Do whatever works best for your students.*



### Additional Information

If you or your students want further information on any of the topics in this module, we can provide a DVD of **Encarta** or **Encyclopedia Britannica** on request.

We can also suggest suitable documentary films about economic issues.

There are many useful websites you can visit if you have access to the internet. Some focus on international issues, some on local issues, and some are general. Useful general sites include:

**www.wikipedia.org** - an online encyclopedia

**simple.wikipedia.org** - a version of Wikipedia in easier English

**encarta.msn.com** - a limited version of the Encarta encyclopedia

# 1. What is Economics?

The word 'Economics' comes from two old Greek words - *oikon*, which means 'home' and *nomos* which means 'management'. Therefore, economics literally means 'management of the home'. However, the meaning is now much larger, meaning the management of all world **resources**.

## Brainstorm

Before you give out the Student's Books, ask the students: 'What is economics?' Put them into groups of 3-5 and ask them to think of words related to economics. For example, they might say 'money' or 'business'. Give them about 5 minutes to think of words. Then, go around each group eliciting one word and writing it on the board until you have about 15-20 words (or less).

Then, ask each student in turn to come up to the board and draw a line between any two words on the board and explain why they think they are linked. For instance, if you drew a line between 'business' and 'money' you might say, 'Business is a way of making money.' A student can choose the same two words as a previous learner, as long as they give a different reason for the link (e.g. 'You need money to start a business.')

Bring an object to class, e.g. a pen. Ask the class:

- **Where was this made?** *Answer: A factory.*
- **Where did it go after the factory?** *Answer: A shop.*
- **How did it reach the shop?** *Answer: In a van or truck.*
- **How did I get it?** *Answer: You went to the shop and bought it.*
- **What did I buy it with?** *Answer: Your money.*
- **What do I use it for?** *Answer: You use it to write with.*

Introduce the following concepts:

- **Production** - this pen is made in a factory.
- **Distribution** - the pen is taken to the shop in a van or truck.
- **Consumption** - you buy and use the pen.

Give out the Student's Books and ask students to turn to page 2. Ask one student to read aloud the first bit of dialogue at the beginning of the page. Ask another student to read the other bit of dialogue.

Explain the difference between 'need' and 'want':

- **Need** - something that is necessary for survival.
- **Want** - something that you desire to have, but is not necessary for survival.

Ask students to read the paragraph, **What is Economics?** Check understanding. Then look at the section on **Ma Ma's Cakes** with the class. Ask one student if he/she can see where production is happening (the factory). Ask another student about distribution (the van and the shop), and another about consumption (buying at the shop and eating the cake).

## Pairwork

1. Put students into pairs and ask students to draw an economic map for another product. Give them about 20 minutes. Then ask each pair to come to the front and briefly explain their economic map.

## 2. Needs and Wants

### Groupwork

1. Ask students to read the instructions. Make sure that they understand that there are no other people or buildings on the island, and that they should only write the things that they think they **NEED**. Divide the class into groups of 3-5 people and give them up to 10 minutes to complete the exercise.

When they have finished, elicit one 'need' from each group in turn. Each time, ask whether the rest of the class agrees that it's a need. If they agree, write it on the board.

### Pre-teach:

- **to survive (verb):** *to stay alive, not die*
- **poverty (noun):** *being poor*

Ask students to read the two paragraphs about needs and wants. Make sure they understand that **education, healthcare** and **safety** can also be needs. Also make sure they understand that wants are usually much greater than needs.

Ask them to look at the cartoon. Tell them that 'stuff' means 'things'. Ask them if any of the things they can see are needs.

None of the things that are in the picture can really be described as 'needs', except maybe some of the books which can be included as 'education', and the clothes in the drawer. People can survive without chairs, tennis racquets, pictures, tape recorders, etc.

### On Your Own

2. Give students about 5 minutes to write their lists. If the class is very big, you might prefer to put the students into pairs or groups. Ask each student (or pair / group) to read aloud their list. Are any of these things needs?

Ask students to read the paragraph about '**wealth inequality**'.

### Discussion

3. Is there a lot of wealth inequality in your community? Why? Why not? Elicit opinions from students.

# 3. Goods and Services

Bring some objects to class, for example, a pair of scissors, a pen, a calculator, a guitar, a story book, etc. You should be able to perform a service (action) with each item.

## Brainstorm

1. Do you know what **goods** and **services** are? Can you think of any examples? Elicit ideas from students.

Ask students to read the paragraphs about goods and services. Explain that goods are objects; services are actions. Goods and services are sometimes called **commodities** - things to buy and sell.

Hold up one of the objects you have brought to class. Ask one of the students, 'Is this a good or a service?' (Correct answer: *a good*). Now give the object to a student and ask them to perform a service for another student with it. Give the next object to another student and repeat the activity.

Ask the students what other kinds of services they could do with the goods you have brought into the room. For instance:

- **Scissors:** you could cut someone's hair.
- **A pen:** you could write a letter for someone who can't write.
- **A calculator:** you could help someone with their maths homework.
- **A guitar:** you could sing a song for the class.
- **A story book:** you could read to your friend.

Ask them what goods they can see on the page. The pictures, from left to right, show rice, books, a pig, a pen and a longyi.

Ask them what services they can see (elicit answers from selected students). The pictures (clockwise) show two men painting / building a house, a woman making / repairing clothes, a man cutting a boy's hair, and a train. Make sure they understand the difference goods and services. For instance, a train is a good, but using the train to go somewhere is a service.

Ask students to read aloud each paragraph of text about different services: the clinic, the school and the teashop.

## Pairwork

2. 'Presentation Posters'. Put the students into pairs. Give them about 30 - 40 minutes to complete their two posters. Once they have finished their posters, ask each pair to present their ideas briefly to the class. If you don't have poster paper, then they can do a quick drawing on the board.

When everyone has finished, the class should vote on which pair invented the best good and the best service. Students cannot vote for themselves.

### 3. Goods and Services (cont'd)

- On Your Own** 1. Give the students 5 minutes to look at the pictures and decide which are goods and which are services. Then put them into pairs and ask them to compare answers. Do they agree? Finally, elicit answers from individual students and check agreement with the rest of the class.

**Answers:**

Picture 1: Ambulance	SERVICE
Picture 2: Public telephone	SERVICE
Picture 3: Bicycle	GOOD
Picture 4: Waste bin	SERVICE
Picture 5: Glasses	GOOD
Picture 6: Dentist	SERVICE
Picture 7: Hairdresser	SERVICE
Picture 8: Computer	GOOD
Picture 9: Bus	SERVICE
Picture 10: Vitamins	GOOD
Picture 11: Fireman	SERVICE
Picture 12: Drink carton	GOOD

It is possible to argue that some of these pictures show both goods AND services. For instance, a telephone is a good, but a public telephone provides a service. A bus is a good, but it provides a service to its passengers. A computer is a good, but in an internet shop it provides a service. A waste bin is a good, but it provides a service.

- Discussion** 2. For the discussion you may have to elicit ideas from students. The most important goods and services in the community are those needed for survival (needs). These include rice, vegetables, meat, water, housing, healthcare, education, etc.

- Pairwork** 3. For the activity, make sure that each pair is researching a different good. You might want to think of a good yourself for each student in the class and write them on pieces of paper. Then fold up the pieces of paper and put them in a container and have each student pick out one piece of paper.

# 4. Scarcity and Choice

## 1. Scarcity of goods and services

### On Your Own

1. Give the students 5 minutes to write down the goods and services that they want. Draw a table on the board with four columns with the titles: 'Name', 'Want', 'Reason', 'What Stops You?'. Do a mini interview with one of the students. Ask them: *'Tell me one good or service that you want.'*, *'Why do you want this good/service?'*, *'What stops you from getting this good/service?'*

Write their name in the first column on the table, the good or service that they want in the second column, the reason why they want that good or service in the third column, and the thing that is stopping them getting it in the fourth column. Then, put the students into pairs, and ask them to interview each other for 5 minutes about ONE good or service. Finally, elicit answers from each pair about their partner, and add them to the table.

Ask students to read the paragraph about '**scarcity**'. Make sure that they understand that scarcity means that there is 'not enough'. Ask the students what the cartoon says about scarcity.

It shows how people are 'eating up' the resources in the world like insects eating plants. The more resources they consume, the scarcer they become. Different things are scarce in different parts of the world. Some countries do not have enough water (mostly in the Middle East, Africa, South America, Asia, Australia). Some countries do not have enough food (particularly parts of Africa). Some countries do not have enough healthcare services or education.

### Groupwork

2. Put students into groups of 3-5. Ask them to think about the causes of scarcity. Give them 10 minutes to discuss and write down ideas. Then, elicit one idea from each group in turn and check agreement with the class.

Scarcity can be caused by many things including:

- **Lack of natural resources:** Some countries do not have many resources (land, water, oil etc.).
- **Climate problems:** Weather can cause scarcity. Crops can be flooded, or affected by drought.
- **War:** In war, crops are often destroyed, people displaced, transport and trade disrupted, etc.
- **Bad economic management:** Corrupt/inefficient governments can cause scarcity.
- **Bad transport infrastructure:** Inadequate road, rail and air networks can cause scarcity.
- **Government policy:** Some governments make laws that create scarcity.

## 2. Choice

### On Your Own

3. Ask students to look at the four questions and think about the choices in each case. Elicit some ideas from the students. Then ask them to read about the three examples about choices at different levels of society.

### Discussion

4. Elicit ideas from individual students about different kinds of economic choices made in the community. You could divide their ideas into three (or more) levels: individual, family, community, etc.

# 5. Money and Barter

## Pairwork

1. Put students into groups. Ask them to think of a way to define the word ‘money’. Give them about five minutes to think and write down their ideas. Then ask them to give you their answer written on a piece of paper. Read out each answer, write it on the board, and discuss briefly.

## Discussion

2. Ask them why a US\$50 note is more valuable than a notebook. If students get stuck ask them what can you do with a \$50 dollar note that you can’t do with a notebook.

The reason why a US\$50 note is more valuable than the notebook is because of its **exchange value**. You can exchange a US\$50 note for a lot more things than a notebook.

## Brainstorm

3. Ask students to give you names of world currencies. (There are 178 different currencies in the world.)

### Exchange rates

Ask one student to read aloud the paragraph on ‘Exchange Rates’. Ask the students:

**If I exchanged US\$100 for Thai baht, how many baht would I receive?**

*Answer: 3,300 baht*

### Different things used as money

Ask one student to read the paragraph aloud.

#### Yap Stone Money

Ask one student to read aloud the paragraph about Yap stone money. Then ask the students to read the paragraphs to themselves for a few minutes. Ask questions to check understanding:

How big are the largest Yap stones?

*Answer: About four meters in diameter.*

How do Yap people calculate the value of their stone money?

*Answer: It depends on the size and history of the stone.*

Do they usually use the stones as money?

*Answer: No, they usually use US dollars.*

What do wealthy people do with the stones?

*Answer: They put them outside their houses.*

## Discussion

4. Put students into groups of 3-5. Ask them to discuss these questions and write down their ideas for 5-10 minutes. Then elicit ideas from different groups and check agreement with the rest of the class.

For the different kinds of money used in Myanmar, you might mention: gold and silver, precious and semi-precious stones, animals (cows, goats, chickens), rice, etc.

## 5. Money and Barter (cont'd)

### The history of money

Note: 'BCE' stands for 'Before Common Era'. It is the same as BC, the Christian dating system which stands for 'Before Christ'. 'CE' stands for 'Common Era' and is the same as AD, the Christian dating system which stands for 'Anno Domini' (Year of our Lord).

Ask students to read the text about the '**History of Money**'. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### Pairwork

1. Write the following statements about the history of money on the board. Put students into pairs. Ask them to decide whether the statements are true or false. If they are false, they must provide a correct statement. Give them about 15 minutes to complete the activity. Then elicit one answer each from different pairs, and check agreement with the rest of the class.

**1. The world's first metal money appeared in Lydia in 500 BCE.**

*False. The world's first metal money appeared in China in 1000 BCE.*

**2. The use of livestock as money started around 9000 BCE.**

*True.*

**3. The first metal money was made out of bronze and copper.**

*True.*

**4. Shells have never been widely used as money.**

*False. The shell is the most widely and longest used currency in history.*

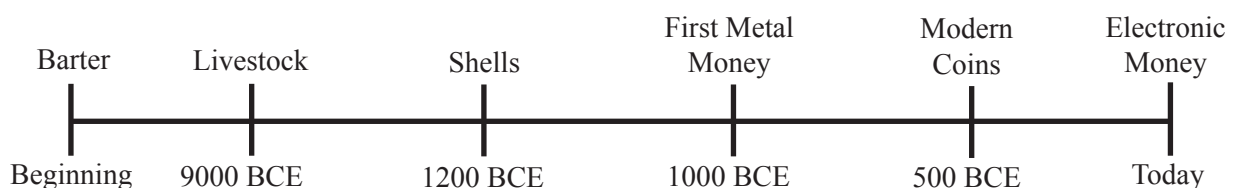
**5. The first use of paper money in China was in 1455 CE.**

*False. The first use of paper money in China was in 860 BCE.*

#### Pairwork

2. Timeline. In pairs, ask the students in groups to create a timeline showing the history of money. Here is an example. You will need to show them how to start their timeline. If possible, provide the students with large pieces of paper to draw their timelines on. If you don't have this, they can use their notebooks.

Ask them to be creative - maybe they can use pictures also. Their timelines don't have to look exactly like the one below, as long as they have the key information. Give them about 10-15 minutes to complete them.



When they have finished, ask each pair to stick their timeline on the wall of the classroom. Ask students to look at all the timelines, and then have a vote on which they think is the best (they can't vote for themselves).

## 5. Money and Barter (cont'd)

### What is money used for?

#### Brainstorm

1. Before students open their books, ask students why money is useful. What is it used for? Write their ideas on the board. Use their ideas in a discussion to guide them towards the four uses of money. For instance:

#### **Exchange:**

If the students say 'to buy things', ask what happens when they buy something. They give money, and the other person give them goods or services. It is an 'exchange'.

#### **To store value:**

Prompt the students. Ask them to imagine they are banana growers. Ask them how long you can keep bananas once you have picked them. Why is this a problem if there is no money in the economy? Clearly, after a week or so the bananas will begin to rot. They will rapidly lose their value. Money does not rot, and usually keeps its value. Therefore, if the farmer can exchange the bananas for money he can store their value for use later on. Money is also a lot easier to carry than bananas! How many bananas can you fit in your pocket?

#### **To measure value:**

Ask the students: How many bananas should I pay to buy a motorbike? How many chickens should I pay someone to repair the roof of my house? How many onions should I pay for a bus journey to Mawlamyine? Without money it can be very difficult to determine the value of one good or service against another. Money provides a universal standard value which makes it much easier to measure the value of different goods and services. For instance, a bus journey to Mawlamyine might cost 4000 kyat. A kilogram of onions might cost 500 kyat. Therefore, a bus journey to Mawlamyine costs 8 kilos of onions.

#### **To borrow and pay back debt:**

Ask the students to imagine there is no money in their country. They need to buy a bus ticket to Mawlamyine, but they have nothing to barter with. What can they do? Elicit ideas from the students.

*Perhaps they ask their friend if they can borrow some onions. Then they go to the bus station and ask the bus driver how many onions he wants to take them to Mawlamyine. They go back to their friend and get the heavy bags of onions and return to the bus station. Some weeks later they paint somebody's house and receive 15 kilograms of bananas. Now they can pay back their friend. How many bananas should they give to their friend?*

With money it is much easier to borrow and pay back **debt**. Debt is money that you owe somebody.

### The advantages of money over barter

#### Groupwork

2. Put the students in to groups of 3-5. Ask them to read about the fisher's week, and think how money would make their life easier. Ask them to write down their ideas. Here are some suggested reasons why money would be useful in these situation:

**Monday:** with money he/she could store the value of yesterday's fish and use it to buy food today.

**Tuesday:** with money, it would be easier to measure the value of tomatoes and fish.

**Wednesday:** people will almost never refuse to exchange something for money.

**Thursday:** money is much lighter and easier to carry than most goods.

**Friday:** as money can be stored, it is easy to use to borrow and pay back debt.

## 5. Money and Barter (cont'd)

### Money better than barter?

Ask one student to read the paragraph of text. Then ask the students to read through on their own. Elicit any words that they don't know.

#### **Pairwork**

1. **Money or Barter?** Put students into pairs. Ask them to look at the examples a, b, and c. Ask them to decide whether money or barter is more useful for each of these people, and why. Give them about 10 minutes. Then, elicit answers from different pairs, and check agreement with the class. Below are some ideas about the benefits of each system in the three examples.

**a. BARTER.** Because the camp is a restricted economy, there is not much money around. Most people don't have jobs which pay them money, and cannot practise farming to sell their crops for money. So money is not a widely available commodity. Therefore, barter is a useful method of exchange. People can exchange their goods and services directly for other goods and services.

**b. MONEY.** Campot is a town with a largely money economy. Penh can easily exchange the fish for money with the restaurants, rather than having to barter it for another good or service. She can then store the value of her fish for use later.

**c. BARTER.** As the currency of Zimbabwe (the Zimbabwe dollar) is losing its value fast due to economic problems it is not a useful way to store value. Also, as a measure of value it is changing all the time, and so less useful. Furthermore, as many people are in debt, they do not have much money to pay for things. Therefore, barter is a better method of exchange. Goods and services can be exchange directly with one another, avoiding the use of the unstable Zimbabwe.

#### **Discussion**

2. What kind of communities/economies benefit from barter? Put students into groups of 3-5 and ask the discuss and write down ideas. Give them 5-10 minutes. The elicit ideas from different groups and discuss. Below are some ideas to help you guide the discussion.

Barter benefits communities where money is scarce, or where the value of that money is changing quickly. Barter means that exchange partners do not need to worry about money. Also, in an economy that has recently experienced growth, but is now slowing down, people and businesses may have a lot of goods and services to offer, but not much money. Barter enables them to continue to exchange with each other.

Governments also use barter for similar reasons. In times of economic turmoil, when their currency is unstable, and the government does not have a lot of money, barter can help governments to obtain important goods and services. It also helps governments in general to reduce their reliance on cash, and reduces the amount of money they spend on foreign goods.

It is also a good way of people, businesses and governments to get rid of goods that they do not need, or find difficult to sell (but which someone else needs), and receive useful goods in return. For instance, in November 2005, China agreed to exchange seven locomotive trains for US\$25m of rice from Thailand. Neither country will need to spend money on the deal, and both are in need of the other's goods.

### Bartering in modern business

Ask students to read the text. Check understanding.

## 5. Money and Barter (cont'd)

### Bia Kud Chum, Thailand - A Community Currency

#### Pre-teach:

- **rural (adj):** in the countryside (opposite of 'urban')
- **debt (noun):** money that is owed
- **self-sufficient (adj):** not dependent on anyone else
- **interest (noun):** fee paid (usually every month) when you borrow money

#### On Your Own

Ask students to read the text about '**Bia Kud Chum**'. Give them about 10-15 minutes. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

1. Write the following questions (but not the answers!) on the board. Ask them to answer them in their notebooks. When they have finished put students into pairs and ask them to compare answers for a few minutes. Do they agree? Finally, elicit answers from individual students and check agreement with the rest of the class.

1. **Why did the villagers in Kud Chum district decide to create the Bia?**

*Answer: They decided to create the Bia because many villagers were in debt and were becoming dependent on banks and price changes over which they had no control.*

2. **What are the advantages of a community currency like the Bia?**

*Answer: The advantage of the Bia is that it reduces the local people's reliance on the national currency. It creates an alternative measure, and store, of value.*

3. **Why was the Thai government against the Bia?**

*Answer: The Thai government said that the Bia was illegal and dangerous to Thai security. They were concerned that many other community currencies would be launched all over the country, causing the value of the Thai baht to fall quickly.*

4. **Should the community be allowed to use Bia? Why/Why not?**

*Each student decides on their answer.*

Ask the students whether they think that a community currency would be useful in their community? Why/Why not?

## 5. Money and Barter (cont'd)

### Pairwork

1. Put the students into pairs and ask them to interview five members of their community about when they buy and sell things using money, and when they use barter. Particularly important questions to include are: **When and why do people use barter, or money? Do they use different systems for different good and services?**

**If so, why?**

Ask each pair to write a short report about their findings, and then ask them to read/present their report to the class, and answer any questions the class may have. Have the class vote on which report was the best (content and presentation), and give a small prize to the winning pair if possible (they cannot vote for themselves).

### Debt, loans & interest

Ask the students what they know about these words. Do they know what they mean? Ask one student to read aloud the paragraph about debt, loans and interest.

Ask the students to do the following monthly interest calculation: Mi Cho borrows 250,000 kyat from the bank. The bank charges her 12% interest. How much interest will she have to pay each month? (*Answer:  $12/100 \times 250,000 \div 12 \text{ (months)} = 2500 \text{ kyat}$* )

**Maung Maung:** Ask a student to read aloud the text about Maung Maung. What do they know about debt problems in their community? Is debt a problem?

**Why/Why not?**

**‘Foreign Debt’ (p12) and ‘The effect of debt on poor countries’ (p13):** Ask different students to read each paragraph aloud. Then, ask students to read it on their own. Give them about 10-15 minutes. Elicit any words that students don’t know. Ask if they can guess the meaning. If not, give them a dictionary, or tell them the meaning. Ask them to look at the two cartoons. What do they think they mean?

## 5. Money and Barter (cont'd)

### Pairwork

1. Put students into pairs. Ask them to think of three questions about '**Foreign Debt**' and '**The effect of debt on poor countries**'. Ask them to write their questions on one piece of paper, and the answers on another piece of paper. Give them 10-15 minutes to do this. Then ask each pair to swap their question paper with another group (but keep the answer paper). Give each pair about 10 minutes to answer the questions of the other pair. Then ask each pair to give their answer sheet back and correct each other's answers.

### Groupwork

2. Put students into three groups. Give each group one of the statements below, and ask them to discuss among themselves. Do the statements affect their opinion of whether debts are fair or unfair? Ask them to write down their reasons. Then ask each group in turn to present their ideas. Elicit the opinion of the class about their ideas. Suggested answers are given in *italics* below each statement.

Some debts were passed on to poor countries when they achieved independence from colonial rule.

During colonial rule, the people had no control over the loans accepted by the government which ruled them, took their natural resources, and imposed foreign economic systems. Therefore, many people argue that it is unfair that they should have to pay for these debts, which often funded projects which stripped their country of natural resources.

In many cases, loans were given to dictators or corrupt leaders, and the money was not spent for the benefit of the people. If loans are not spent to benefit the people of a country, should the people of that country be expected to repay the loan? Many people argue that loans to developing countries were often given irresponsibly, particularly to countries with dictators or corrupt leaders. They argue that the people should not have to repay this money, particularly when it was used by leaders to oppress them. They had no control over its use.

**Poor countries cannot repay their debts. In 100 years their debt will have increased to around \$13,780,000,000,000. This is \$3.5 million for every person in the developing world.**

Interest and debt repayments take money away from badly needed hospitals, schools, and infrastructure projects. If these debts can never be repaid, why continue to demand huge debt repayments which prevent the country from developing and cause a lot of suffering?

Many current governments of indebted countries are corrupt or oppressive.

*Many indebted governments do not currently spend their money well. If their debts are cancelled, they will probably not use their extra money for development. They will probably keep most of it for themselves, or they might use it to oppress their people even more. Perhaps we should only cancel the debts of the countries that are not too corrupt and oppressive.*

**'What can be done?':** Ask different students to read the text aloud. Check understanding. Elicit any words that they don't know.

### Pairwork

3. True or false. Write these statements on the board (but not the answers!). Students must decide if they are true or false. If false, they must provide a correct statement. Finally elicit answers from different pairs and check agreement with the class.

**1. In June 2005 the G8 countries agreed to cancel 7% of the debt of 18 poor countries.**

*Answer: True.*

**2. G8 countries have also agreed to reduce aid to Africa by 2010.**

*Answer: False. G8 countries have agreed to double aid to Africa by 2010*

**3. Bono and Bob Geldof recently thanked G8 countries for paying the money.**

*Answer: False. Bono and Bob Geldof recently criticised some G8 countries for being too slow to start paying the money they had promised.*

# 6. Price

## Discussion

1. Put students into groups of 3-5. Give them 5 minutes to discuss and write down ideas. Then elicit an idea from each group and discuss it.

Air is free. This is because it is everywhere, and it is impossible to control the supply of air. Some other resources can also be free. In rural communities in some countries, some resources are also free, like water from the rivers and streams, or wood and bamboo from the forest, and wild fruits and animals for food. In richer countries, with ‘developed’ economies, very few goods and services are free. Nearly everything is bought and sold in the **market**. In some poor countries, aid agencies provide food and other essential goods and services to people free of charge because they can’t provide these things for themselves.

In economics, the word ‘market’ does not necessarily refer to a place in a village, town or city. It can have many meanings as a place where goods and services are bought and sold:

- a geographic region considered as a place for buying and selling, i.e. the Asian market.
- the buying and selling of a specific commodity, i.e. the banana market (local or international).

## Price and competition

Ask students to read the text about ‘**Price and competition**’. Make sure they understand what ‘competition’ means. You might want to use football as an example. For instance the English Premier League is a competition between 20 football teams.

Ask a different student to read the text about each type of competition: Seller vs. Seller, Buyer vs. Buyer, and Seller vs. Buyer.

## Discussion

2. Put the class into groups of 3-5. Ask them whether they can think of any examples from their own community for each type of competition. Why do these kind of competition affect price? Give them 5-10 minutes to discuss and write down ideas. Then elicit ideas from each group in turn and discuss.

**Seller vs. Seller:** two shops that sell similar goods are competing against each other for customers. Each shop tries to offer lower prices than the other to try and attract more customers.

**Buyer vs. Buyer:** often individuals and businesses want the same goods and services. As these goods and services are usually limited, the buyers must compete. Not all buyers will have enough money to buy all goods and services.

**Seller vs. Buyer:** sellers can set any price they want, but buyers can refuse to buy the goods and services if they are too expensive. Therefore sellers and buyers must discuss and agree a fair price.

## Pairwork

3. For the interview activity, put students into pairs. Try to make sure that they don’t all interview the same person. Either you can give them each a person to interview from a list that you have already prepared, or you can ask each pair to tell the class who they will interview. If two pairs think of the same person, you can ask one pair to think of somebody else. Ask each pair to briefly present the results of their interview for a class discussion.

# 7. Supply and Demand

**Supply and demand is one of the most important concepts in economics. Therefore, it is very important that students understand this chapter well.**

Bring a small number (about five) of some kind of snack to the classroom. Hold one up and ask the students, 'Put your hand up if you would like a \_\_\_\_\_?' Probably, all or most of the students will put their hands up. Then say, 'I only have (five) of these, so I can only give them to five people.' Hand the snacks to five students in the class at random. Explain that *demand* is the number of people that want goods and services, and how many they want, i.e. every student wants a snack. Then explain that *supply* is the amount of goods or services available, i.e. only five in this case.

## Groupwork

1. Put the students into groups of 3-5. Ask them to make two lists. One list of goods and services where demand is greater than supply, and one list of goods and services where supply is greater than demand. The lists should be headed 'Demand greater than Supply', and 'Supply greater than Demand'.

Give them 10-15 minutes to discuss and write down ideas. Then elicit one idea from each group in turn for each list and check agreement with the rest of the class.

## Pairwork

2. Put the students into pairs and ask them to read the information on Style Clothes and answer the questions. Give them about 5 minutes. Then elicit answers from different pairs and check agreement with the rest of the class.

a. There are 200 buyers (demand) and 40 jackets (supply). So demand is greater than supply. The price of each jacket would probably be high because many buyers are competing to buy few jackets. The shop can ask more money for each jacket because it has lots of customers.

b. There are 30 buyers (demand) and 80 jackets (supply). So supply is greater than demand. The price of each jacket would probably be low because few buyers are competing to buy many jackets. The shop has to lower the price of each jacket because it does not have many buyers.

## On Your Own

3. Ask the student to think about the picture for a few minutes. Then elicit ideas and check agreement with the rest of the class.

The picture shows the relationship between supply and demand. For every good/service in a free economy there is supply and demand. Companies can choose freely which goods/services to offer, and people can choose freely what to buy. However, the supply and demand for a particular good/service is constantly changing. Often, there is not enough supply to satisfy demand, or not enough demand to satisfy supply.

In a free economy, neither supply or demand are would win because the two depend on each other. Without demand there would be no supply. Without supply there would be no demand. If nobody wants to buy shoes, then shops will not offer them for sale. If there are never any shoes in the shops, people will not try to buy them.

## 7. Supply and Demand (cont'd)

### Factors affecting demand

#### Groupwork

1. Before students open their books, put them into groups of 3-5 and ask them whether they can think of factors (things) that affect demand. Give them 5-10 minutes and then ask each group in turn to give you an idea. Write it on the board and see if the other groups agree.

**Pre-teach:** *substitute (adj, noun): replacement, alternative.*

#### Pairwork

2. In pairs, ask the students to complete the exercise in their notebooks. First, read through the exercise with the students. Then give them 20-30 minutes to complete the activity. Finally, elicit answers from different pairs and check agreement with the rest of the class.

#### Answers:

**1. The price of mangos in Hpa-an rises from 20 baht to 100 baht per kilogram in one week. Does the demand for mangos rise or fall? Why?**

*Answer: The demand for mangoes will probably fall, because they are more expensive and fewer people can afford to buy them.*

**2. Ma Aye Aye is a teacher in Taunggyi. She loves chocolate, but her salary is small and she can't afford to buy much. One day she is promoted to headmistress, and her salary increases. Does she buy more or less chocolate now? Why?**

*Answer: She probably buys more chocolate because she has more money.*

**3. Myint Thu lives in Myitkina. He has a stall in the market selling sandals. One day another stall in the market starts to sell sandals also. However, the sandals in the other stall are stronger and cheaper than Myint Thu's. After a few weeks, what happens to the demand for Myint Thu's sandals? Why?**

*Answer: The demand for Myint Thu's sandals decreases. Many buyers have discovered that the other stall sells better and cheaper sandals, so they no longer come to Myint Thu's stall.*

**4. Tun Tun lives in Taungoo. He is a farmer. He works on his farm with his wife and his three sons. Most months, Tun Tun spends most of his money on sweets for his grandchildren. In May, he decides to buy rubber boots for the rainy season. Does he spend more or less money on sweets in May? Why?**

*Answer: Tun Tun spends less money on sweets in May because he has already spent much of his money on the rubber boots that he needs.*

**5. Yin Twe has three children. They like bananas. She always buys lots of them at the market. One day her children tell her that they don't like bananas any more, but prefer oranges. What does Yin Twe buy the next time she goes to the market? Why?**

*Answer: The next time she goes to market she buys oranges instead of bananas because this is what her children want.*

## 7. Supply and Demand (cont'd)

### Factors affecting supply

#### Groupwork

1. Before students open their books, put them into groups of 3-5 and ask them whether they can think of factors (things) that affect supply. Give them 5-10 minutes and then ask each group in turn to give you an idea. Write it on the board and see if the other groups agree.

#### Pairwork

2. In pairs, ask the students to complete the exercise, in their notebooks. Give them 20-30 minutes to complete the activity. Then elicit answers from different pairs and check agreement with the rest of the class.

#### Answers:

**1. Thet Win owns a factory in Yangon making umbrellas. In June, the price of umbrellas rises because the rainy season begins and more people want to buy them. Does Thet Win decide to supply more or fewer umbrellas to the market? Why?**

*Answer: Thet Win decides to supply more umbrellas to the market, because more people want to buy them, so he can make more money.*

**2. Lam Mu lives in Mogok. She makes two kind of jewellery - cheap bracelets made of silver, and expensive rings made with gold and precious stones. Many people have enough money to buy the bracelets, but only a few people have enough money to buy the rings. Does she make more rings or bracelets? Why?**

*Answer: Lam Mu makes more bracelets than rings because the bracelets are much cheaper than the rings and so more people are able to buy them.*

**3. Mahn Mahn owns a forge near Mawlamyine. He makes iron farming tools. One day he decides to produce spare parts for cars as well, as many of the cars in Mawlamyine are old and need regular repair. What happens to the number of farming tools he produces when he starts making car parts? Why?**

*Answer: When Mahn Mahn starts making car parts, the number of farming tool that he can produce decreases, because he has a limited amount for employees, machines and materials. Therefore the supply of farming tools decreases.*

**4. Ye Min owns a chicken farm in Lashio. She sells eggs and meat from the chickens. Demand for eggs is high, so she decides to buy 25% more chickens and produce more eggs. What happens to the amount of chicken meat she supplies? Why?**

*Answer: Because Ye Min now has more chickens, she will able to produce more chicken meat (as well as more eggs). Therefore the supply of chicken meat will increase.*

**5. Thiri lives in a village near Naypyidaw. The villagers grow rice on her land near the village. Last year there was much less rain than normal during the rainy season. The rice harvest was not successful. What happens to the supply of rice in the village? Why?**

*Answer: The supply of rice will decrease because the amount of rice produced from the harvest is smaller.*

## 7. Supply and Demand (cont'd)

### Price and supply & demand

#### Pairwork

1. Put the students into pairs, and ask them to think about what is happening in the two graphs. Give them 5-10 minutes. Then ask if any of the pairs can explain the graph to the class.

*Graph A shows the Demand Curve for oranges. As the price of oranges decreases, more people want to buy them. When the price is 3 baht, only 100 are demanded but when the price decreases to 2 baht, 400 are demanded. So, a decrease in price leads to an increase in demand.*

*Graph B shows the Supply Curve for oranges. As the price of oranges increases, sellers want to sell more so that they can make more money. When the price is 2 baht only 100 are supplied, but when the price increases to 3 baht, 400 are supplied. So, an increase in price leads to an increase in supply.*

### Advertising and demand

#### Discussion

2. Elicit some famous brand names from the students. If the students can't think of any, then suggest: Dove shampoo, Nivea body creams, Nike, Ovaltine, Heineken beer, Milo, Nescafe, Coffeemate, etc.

#### Pairwork

3. Give the students some newspapers and magazines. Give them about 5 minutes to look through them in pairs and then ask each pair to demonstrate one good example of an advert to the class.

#### Discussion

4. Well known brands are often more expensive than other brands because:

- a) advertising creates more demand because more people know about the product, so the seller can raise the price,
- b) advertising persuades people of the higher status and higher value of a particular product, and so they agree to pay more for it,
- c) people recognise products which they often see advertised, and so they may trust that product more and agree to pay more for it,
- d) advertising is expensive, so businesses raise the price of their products to cover costs.

Nike wants to put their logo on Ronaldinho's shirt because:

- a) Ronaldinho is popular with many people around the world, who may copy his clothing habits and so buy Nike products.
- b) Nike wants people identify their brand with brilliance and success in sport. They may then buy a Nike product hoping that it will make them play more like Ronaldinho.
- c) Ronaldinho is very famous, and pictures of him appear everywhere around the world. If he is wearing Nike products it is good advertising for the Nike brand.

#### Discussion

5. Ask students to do a quick advertising survey in their community. Ask them to walk around for about 10-15 minutes and record the adverts they see, which products they are for, and what the advertisement says about the product. Then ask the each pair to do a short presentation in class.

#### Pairwork

6. Ask the students to create a magazine advert for one good or service. They can choose anything they want. They should **not** copy an existing advert, but think of a new idea. Give each pair a piece of paper on which to design their advert. This activity may take a full lesson or more. Get each pair to briefly present their advertisement to the class. Get the class to vote on which one is best (pairs can't vote for their own advert).

# 8. Inflation

## Brainstorm

1. If you can find a balloon, write the word 'Prices' on it. At the beginning of the class blow it up in front of the students. Ask them, 'What is happening to 'Prices'?'

## Discussion

2. Get them to think about rice, cheroots, hats, fruit and vegetables, clothes and shoes.

Ask students to read the paragraph on inflation (and deflation). Make sure they understand that inflation only exists if the price of many goods and services rises.

### Measuring inflation: The Consumer Price Index (CPI)

Ask students to read the text. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

Ask them to think about what goods and services they would put in the 'basket' for their own community. They should choose goods that are commonly used in their communities. Make a list.

## On Your Own

3. Explain to the students that they do not need to give exact answers, just approximate ones.

### Answers:

1999 = 99

2000 = 101

2001 = 101.4

**2002 = 100**

2003 = 101.8

2004 = 102.8

2005 = 104

## 8. Inflation (cont'd)

### Pairwork

1. Put the students into pairs. Ask them to think about answers to the three questions and write down their ideas. Give them about 15 minutes.

**Answers:**

#### Question 1

*Answer: The price of oranges will rise. There will be more dollars per orange in the economy. Also, oranges will be more scarce so people will be willing to pay more for them.*

#### Question 2

*Answer: The price of oranges will fall. There will be more oranges per dollar. Oranges will be less scarce, so people will want to pay less for them.*

#### Question 3:

*Answer: The price of oranges will rise. There will be more dollars per orange than before. People will have more dollars, but there are not more oranges to buy.*

#### Causes of Inflation

Ask student to read through examples A, B, C, D and E (on pages 20-21) on their own. Give them about 15 minutes. Elicit any words that they don't know. See if the class can guess them. If not, provide a dictionary and ask one student to look up the word and tell the rest of the class.

### Groupwork

2. Put the students into groups. Ask them to write down what they think are the cause(s) of inflation in each case A to E. Give them about 30 minutes. Then elicit ideas from one or two groups for each and check agreement with the rest of the class. Correct if necessary.

**A. Aung Kyaw** - *this is an example of inflation caused by too much demand, or too little supply. The market wants more goods and services than can be produced. Therefore, scarcity causes prices to rise.*

## 8. Inflation (cont'd)

**B. Hsa Hsa** - this is an example of how labour unions can push up wages and cause inflation. A labour union is when a group of workers get together to obtain, improve and protect their working rights. As a group they have more power to negotiate with their employers than as individuals. When a labour union negotiates higher wages, employers may increase the prices of their goods / services so that they don't lose money.

**C. Mazalia** - this is an example of the 'Wage-Price Spiral'. Higher prices force workers to ask for more wages. When their employers give them the wage increase, they then raise their prices to avoid losing money. As a result, the workers ask again for more wages. This can lead to rapid inflation.

**D. Southeast Asia** - this is an example of inflation caused by economic crisis. The value of a currency is linked to other world currencies due to the relationships of trade and investment between countries. If a country suffers an economic crisis, the value of their currency will fall. This is particularly true if the country has borrowed a lot of money from other countries. The fall in the value of a currency will cause inflation - people will need more money to buy the same things.

**E. Stephen, Kenya** - this is an example of how political instability can contribute to inflation, particularly if oil prices are affected. As the Middle East is such an important oil producer, political instability in that region causes concern about the supply of oil. As a consequence the price of oil rises. This usually causes the price of many other goods and services to rise, and so creates inflation.

### Effects of inflation

**Pre-teach: *pension (noun):*** *income paid to people after they retire, by governments or from private funds.*

Ask students to read through the five examples on pages 20 and 21. Give them about 20 minutes. Elicit any words that they don't know. See if the class can guess them. If not, provide a dictionary and ask one student to look up the word and tell the rest of the class.

## 8. Inflation (cont'd)

(This page was intentionally left blank)

## 8. Inflation (cont'd)

### Pairwork

1. Put students into pairs and ask them to decide the effects of inflation in each scenario on pages 20-21. Emphasise that they can put a cross in more than one box for each example if they wish. Give them about 30 minutes to complete the exercise.

When they have finished, elicit answers from one or two pairs for each example in turn. Check agreement with the rest of the class. Correct answers if necessary.

Here are the answers:

### High Inflation often means that...

1. ...people do not want to save their money.
2. ...foreign companies can sell goods/services more easily.
3. ...people don't buy so many things.
4. ...companies find it difficult to sell goods/services locally.
5. ...more people lose their jobs.
6. ...companies find it difficult to sell goods/services internationally.
7. ...people do not have so much money to invest in business.
8. ...people can't buy so much with their income (wages/pension, etc.).
9. ...people borrow more money than usual.
10. ...everybody gets richer.
11. ...people store value in commodities (e.g. gold), not in money.

### Example

	1	2	3	4	5
1. ...people do not want to save their money.	X			X	
2. ...foreign companies can sell goods/services more easily.					X
3. ...people don't buy so many things.		X			
4. ...companies find it difficult to sell goods/services locally.		X	X	X	
5. ...more people lose their jobs.			X		X
6. ...companies find it difficult to sell goods/services internationally.					X
7. ...people do not have so much money to invest in business.				X	
8. ...people can't buy so much with their income (wages/pension, etc.).		X			
9. ...people borrow more money than usual.			X		
10. ...everybody gets richer.					
11. ...people store value in commodities (e.g. gold), not in money.	X	X		X	

## 8. Inflation (cont'd)

### Hyperinflation

Ask students to read the text about ‘**Hyperinflation in Yugoslavia, 1993-1995**’. Give them about 10-15 minutes. They should write down any words that they don’t know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### On Your Own

1. Give students about 20 minutes to answer the questions in their books. Then, put them in pairs and get them to compare their answers. Do they agree? Finally, elicit answers from individual students and check agreement with the class. Here are some example answers.

**a. Why was there such a big black market in Yugoslavia in 1993?**

*The black market was so big because the shops, controlled by the government, had very few goods in them due to the government’s financial problems.*

**b. What problems did the high price of petrol create?**

*Many people could not afford to drive, the government was not able to give the farmers any fuel at harvest time, and only 40% of public buses could operate.*

**c. How did the government try to control inflation? What happened?**

*The government tried to control inflation by controlling prices. Producers stopped producing goods because they couldn’t make any money.*

**d. Why did many businesses refuse to accept the Yugoslavian Dinar at this time?**

*Because it was losing value so quickly.*

## 8. Inflation (cont'd)

### Pre-teach:

- **servitude (noun):** being a slave
- **to rig (verb):** to manipulate/set up unfairly/dishonestly
- **opposition (noun):** politicians, activists and groups that are against the government
- **chaos (noun):** total disorganisation/confusion
- **substantially (adv):** a lot
- **export (noun):** a good or service sold to a foreign country
- **stock (noun):** goods to be sold
- **to seize (verb):** to take by force
- **to nationalise (verb):** when the government takes ownership of private companies

Ask students to read the text about ‘**Economic crisis in Zimbabwe**’. Give them about 15 minutes. They should write down any words that they don’t know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

### Pairwork

1. True or false. Write the following statements (but not the answers!) on the board.

**a. Robert Mugabe has been accused of rigging elections and arresting, torturing and murdering opposition members.**

*Answer: True.*

**b. The new law which forced white landowners to give their land to blacks was good for the agricultural sector.**

*Answer: False. This new law caused chaos in the agricultural sector.*

**c. A decrease in agricultural exports reduced the amount of foreign currency coming into Zimbabwe, which created hyperinflation.**

*Answer: True.*

**d. Some economists estimate that inflation could be as high as 32% in 2007.**

*Answer: False. Some economists estimate the inflation could be as high as 1.5 million % in 2007.*

**e. Mugabe ordered shopkeepers to increase their prices by at least 50%.**

*Answer: False. Mugabe ordered shopkeepers to cut prices by at least 50%.*

**f. Shops cannot afford to buy new stock.**

*Answer: True.*

**g. Mugabe recently said that the government will help factories that stop production.**

*Answer: False. Mugabe recently said that the government would seize any factories that stop production.*

Put students into pairs. They decide on, and write down, the correct answers. If they think the statement is false, they must provide a correct version. The pair must agree. When they have finished, ask pairs to swap answer with another pair. Elicit answers for each statement in turn from different pairs and check agreement with the rest of the class.

# 9. Tax

## Groupwork

1. Mind-map. In groups of 3-5, ask the students to create g-maps about tax, without looking at their books. Give them 10 minutes. Then ask students to present their mind-maps to the class, explaining why they have included these words.

### Pre-teach:

- **extortion (noun):** using authority and threats to take money from people
- **non-legitimate (adj):** not lawful
- **essential (adj):** absolutely necessary

Ask students to open their books. Ask them to read the first two paragraphs about tax.

## Groupwork

2. Put students into groups of 3-5. Write the following questions on the board.

1. *What different kinds of tax do you have in your country?*
2. *Who pays which kind of tax?*

Give them 5-10 minutes to discuss these questions and write down their ideas. Then elicit one idea from each group.

Finally ask the students the following question, and discuss:

*What do you think are the differences between these taxes?*

**Tax** is the money that national and local governments require their citizens to pay. It is usually spent to maintain and improve the various services that the governments provide. Tax rates (levels) are established by national and local governments. In many countries, there are strict controls about the collection of tax. The government controls who collects the tax and how much, to protect the people from unauthorised tax collection. Laws also decide what the money can be spent on.

In some countries **extortion** is common. Extortion is the unlawful demanding of money, goods or services from people by individuals, group or governments. Extortion is usually achieved through threats, or actual violence, against people and/or their property. Although the people carrying out the extortion may be representatives of a governing group, they have no right to demand more than what is established by law.

Ask the students to read the section on ‘**Direct and Indirect Taxes**’. Give them 5 minutes. Ask if there are any questions.

## Discussion

3. Ask the students about taxation and extortion in their community. If they don’t pay any tax, why not?

### Fairness of Income Tax.

Ask a students to read about each kind of taxation. They should write down any words that they don’t know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

## 9. Tax (cont'd)

### On Your Own

1. Ask the students to decide which graph is showing which kind of income taxation (progressive, proportional or regressive). They should use the description they read on the previous page to help them decide. Give them 5-10 minutes. When they have made their choices, put them into groups and see if they have all got the same answers. If not, they should discuss among themselves until they all agree on the answers. Elicit answers for each graph from different groups and check agreement with the rest of the class.

### Answers:

1. **Proportional** - everyone pays the same percentage of their monthly income
2. **Progressive** - the higher a person's monthly income, the higher the percentage they pay in tax.
3. **Regressive** - the higher a person's month income, the lower the percentage they pay in tax.

## 9. Tax (cont'd)

**Pre-teach: *income (noun): money that people receive from their salary and investments***

### Pairwork

1. Put the students into pairs. Ask them to read the conversations between the three sets of pairs and decide which system of **income tax** each pair is talking about. Also ask them to decide which person in each pair they agree with. Give them 10-15 minutes. When they have finished, put the pairs into groups of four people and ask them to compare their answers. Do they agree?

Then, ask a different pair to give you an answer for each of the three conversations. Ask them why they have chosen that answer, and check agreement with the rest of the class.

**Answers:**

Pair 1: **Progressive**

Pair 2: **Proportional**

Pair 3: **Regressive**

Finally, ask every student to raise their hand and vote on whether they agree with the first or the second person in each conversation. Ask one or two students why they agree with that person in each case.

### Groupwork

2. Put the students into groups of 3-5. Explain that each group represents the Income Tax Committee of the Ministry of Finance in Mazalia. They are meeting to decide the government's income tax policy. They need to choose either Progressive, Proportional or Regressive taxation, and be able to explain clearly why they have chosen that policy. Everyone in the group needs to agree on the policy. If they do not agree, the members of that group should vote among themselves and the policy that receives the most votes wins. Give them 5-10 minutes to agree on which kind of tax they will choose.

Explain that they must prepare a short presentation (2-3 minutes) to explain to the rest of the class why they have made that choice. Make sure that they understand that there is no 'right answer'. This is about opinions. Give them 15-20 minutes to complete this.

Ask each group to make a presentation to the class, explaining which tax policy they have chosen, and why. Once each group has made a presentation, ask the students to vote individually (on slips of paper) for one of the groups (they cannot vote for their own group), based on how well they persuaded the class in their presentation. Count the votes and announce the winner. You have the 'casting vote' if there is a draw.

Ask the students to vote individually (by raising their hand) on which system of income tax they think is the fairest, Progressive, Proportional or Regressive. Write the number of votes for each system on the board.

## 9. Tax (cont'd)

### Discussion

1. Ask students: 'Do you know what a 'black market' is? Can you guess?' Elicit ideas from individual students and check agreement with the rest of the class.

#### Pre-teach:

- **restriction (noun):** limitation
- **fake (adj):** not real, not original, not authentic
- **incentive (noun):** a motivation or encouragement to do something

**Black Markets.** Ask a student to read aloud the paragraph on Black Markets.

Ask the students what they think the cartoon is about.

*Answer: It refers to the black market trade in human organs. Some people in poor countries illegally sell their organs (e.g. kidneys) to people in richer countries who need them. Some people also steal organs from dead bodies to sell to hospitals and individuals for transplants.*

Ask students to read the second and third paragraphs of text. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

### Pairwork

2. Put students into pairs. Write the following questions on the board:

**Which goods do you think are sold most widely in black markets throughout the world?**

**Why do you think there are so many of these particular goods on the black market?**

Give students 10-15 minutes to think of different things. Elicit an idea from each group in turn and discuss with the class.

The information below will help you.

Some economists estimate that the global black market is worth about US\$990 billion. The different categories include:

**Counterfeit and piracy** (US\$522 billion): alcohol, clothing & shoes, books, cigarettes, cosmetics, money, pharmaceutical drugs, CD & DVD (music & film), passports, watches, software, toys.

**Drugs** (US\$322 billion): marijuana, amphetamines, cocaine, heroin, ecstasy.

**Environmental goods** (US\$56 billion): animals & wildlife trafficking, illegal fishing, gas & oil smuggling, illegal logging, diamond smuggling.

**Humans** (US\$44 billion): human trafficking & smuggling, illegal adoption, human organs & body parts, prostitution.

**Consumer Products** (US\$37 billion): art & antique smuggling, cigarette smuggling.

**Weapons** (US\$10 billion): arms trafficking, illegal sales of nuclear and radioactive materials.

# 10. Production

## Brainstorm

1. Before the students open their books, ask the question: ‘What do you need to produce a cotton shirt?’ See if they can guess all the things needed. Write their answers on the board. Elicit the items above if they have not guessed them.

### Answers:

- Cotton and other materials (Land)
- Some ground to put a factory on (Land)
- People to work in the factory (Labour)
- Money to buy the materials (Capital)
- The factory building and the machines (Capital)
- A businessman and a team of managers to organise the production of the shirt (Enterprise)

Then, ask the students to open their books. Ask different students to read through the introductory text about Production. Check understanding.

Then draw a table on the board with 4 columns, labelled ‘Land’, ‘Labour’, ‘Capital’, and ‘Enterprise’. Put the student into pairs and ask them to decide which columns the things needed to produce the cotton shirt should go in:

LAND	LABOUR	CAPITAL	ENTERPRISE
Cotton and other materials	People to work in the factory		

Give them about 5 minutes to do this. Then elicit one answer in turn from different pairs and check agreement with the rest of the class.

Repeat this activity with other objects, perhaps a cup, or a book, some coffee, until they understand it clearly.

### 1. Land

Ask students to read aloud the text about ‘Land’. Make sure they understand that, in economics, land means ALL NATURAL RESOURCES.

## Pairwork

2. In pairs, give them 5 minutes to make a list about ‘land’ in their community. Elicit ideas from each pair in turn and write answers on the board.

**Ownership of Land (Natural Resources).** Ask students to read the first two paragraphs. Check that they understand what ownership means. Then, ask them to read about the three different types of ownership.

## Groupwork

3. Put students into groups of 3-5. Ask them to try and think of examples of the three different types of ownership in their community. Give them 5 minutes. Elicit one answer from each group in turn and check agreement with the rest of the class.

## 10 Production (cont'd)

### Groupwork

1. Divide the students into three groups. Give each group a different kind of land ownership to discuss: private, public or collective. Tell them to read the examples about Mazalia carefully. Give them 10 minutes to discuss it and write down their ideas. Ask each group to present their ideas to the class. (You may also want to ask them to think of advantages as well as disadvantages of different kinds of ownership.)

Disadvantages of different kinds of land ownership:

**Private ownership** - Everybody needs to use land (natural resources) to survive. If too much land is privately owned by a small number of people, then it can be difficult for other people to get access to natural resources. The owner might refuse to allow them to use the land, or charge them a very high price. (Blue Village)

**Public ownership** - Governments don't always act in the interests of the people, particularly in non-democratic countries. If the government owns most of the natural resources, there is a risk that they will be used for the benefit of the government and its friends only, and not the people. (Green Village)

**Collective ownership** - If everybody in a community has equal ownership of natural resources, it can be difficult to get everyone to agree on how they should be used. (Red Village)

### Fighting for agricultural land rights in Brazil

#### Pre-teach:

- **colonise (verb):** to take over, populate and rule an area of land
- **landless (adjective):** without land
- **inequality (noun):** not being equal
- **occupy (verb):** to enter and take control of a place
- **constitution (noun):** the basic principles and laws of a nation
- **to cultivate (verb):** to grow
- **slave (noun):** a person who is owned by another person, and usually used for labour
- **condemn (verb):** to say that something is wrong

Ask students to read the text about land rights in Brazil on this page and the next page. Give them about 10 minutes. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

## 10. Production (cont'd)

### On Your Own

1. Write the questions (but not the answers!) on the board. Give students about 15-20 minutes to answer them in their notebooks. Then put them into pairs and ask them to compare answers. Do they agree? Finally, elicit answers from individual students and check agreement with the rest of the class.

**1. What is the main system of land ownership in Brazil?**

*Answer: The main system of land ownership in Brazil is private ownership.*

**2. How did MST start fighting for their land rights in 1985?**

*Answer: They started fighting for their land rights in 1985 by occupying a large unused farm in the South of Brazil.*

**3. What system of land ownership are MST using?**

*Answer: MST are using the collective system of land ownership.*

**4. What is sharecropping? Why are MST against it?**

*Answer: Sharecropping is when landowners let farmers use their land, in return for a share of the crop. MST are against it because they say it only helps the rich people and that the sharecroppers are almost like slaves.*

**5. When MST occupy land, they call it 'cutting the wire'. What do they mean?**

*Answer: They mean that they are changing the ownership of the land from private to collective.*

### Discussion

2. Brainstorm the main kinds of land (natural resources) in the students' community. Write their answers on the board. For each one ask the students whether they are owned publicly, privately or collectively (the answer might be one or more of these). Then ask if they know about any problems about ownership of these resources. Useful questions: Is it difficult for everyone to get access to enough natural resources? Why/Why not? Who owns them? Are there any laws to control access to natural resources? Are they good laws?

#### Land rights in Cambodia

##### **Pre-teach:**

- **to issue (verb):** to send out
- **hectare (noun):** an area of land (10,000m<sup>2</sup>)
- **bulldozer (noun):** a machine for moving earth
- **lawsuit (noun):** a legal process

### Pairwork

3. True or false. Write the statements below on the board (but not the answers!). In pairs, ask the students to decide if the following statements are true or false. If they are false, they must provide a correct statement.

**1. 80% of rural families in Cambodia do not have documents to prove ownership of their land.**

*Answer: True.*

**2. The authorities told villagers they needed 500 hectares of land for disabled soldiers.**

*Answer: False. The authorities told villagers that they needed 50 hectares of land for disabled soldiers.*

**3. Keat Kolney did not use her contacts, or bribery, to secure the land deal.**

*Answer: False. Keat Kolney used her contacts in government, and bribed local officials to secure the land deal.*

**4. The villagers have filed a lawsuit against Keat Kolney to get back their land.**

*Answer: True.*

## 10. Production (cont'd)

### 2. Labour

#### Brainstorm

1. Brainstorm jobs in the school. Make two columns on the board, Paid and Unpaid, and put each job into the appropriate column. Ask students why they think that some jobs are paid, but others unpaid. (You could also get the students to walk around their community in pairs, spot different kinds of labour, and write a list.)

#### On Your Own

2. The pictures show the following kinds of labour:

- women making cheroots in a factory
- a man harvesting rice
- a woman looking after her child
- men tending machines in a modern factory

**Ko Shwe & Naw Berry.** Ask one of the students to read the text aloud to the rest of the class. Then ask student to read it on their own.

#### Discussion

3. Put the students into groups of 3-5. Ask them to discuss the questions about Ko Shwe and Naw Berry among themselves and write down their ideas. Then lead a discussion by eliciting opinions from different students.

Ko Shwe's labour is paid, but Naw Berry's labour is unpaid. Why? Is Ko Shwe's labour more valuable than Naw Berry's? Does Ko Shwe work harder than Naw Berry?

In most societies, parents who raise their children and maintain their home are not paid for this work. The home is the private family space and family members are expected to maintain it without expecting any payment because this work is purely for their own benefit. However, in many societies, it is women who are seen as the 'natural' and 'traditional' homemakers and childcarers, and therefore do most of the work that occurs in the home. In some cases, they do not have any opportunity to work outside the home and earn money for themselves. In other cases they do paid work outside the home, but are expected to do the major share of the work in the home too (this is called the 'double burden'). In these cases, the paid work that men do outside the home is usually considered to be the most important, while the paid work that women do is seen as 'secondary'. Therefore, women are mainly defined by the work that they do within the home, for which they are not paid. This raises important questions about equal opportunities between men and women, the control of women's access to the economic arena, and the control that women have over their own lives.

### Labour segregation

#### Pre-teach:

- to segregate (noun):** to divide, to separate
- to specialise:** to focus on a small number of tasks.

Ask students to read the text about the segregation of labour. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### Groupwork

4. Put students into groups of 3-5. Ask them to identify three types of labour in their community. Is it paid or unpaid? Do both men and women do this kind of labour? If so, who does more, men or women? Is it segregated in other ways (ethnicity, wealth, age, social status, etc.)? Give them 10 mins to discuss and write ideas. Then ask each group to present their ideas to the class.

### Labour specialisation

*See the next page.*

## 10. Production (cont'd)

### Labour specialisation

#### Pre-teach:

- **intensive agriculture (adj):** production of a lot of food from a small area of land using farm machinery and chemical fertilisers
- **specialisation (noun):** focusing on a small number of tasks which one becomes very good at

Ask students to read the text. Give them about 5 minutes. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### Pairwork

1. Put the students into pairs and ask them to think about what kinds of labour specialisation exist in their community. Give them 5-10 minute to discuss and write down their ideas. Then, elicit one idea from each pair and check agreement with the class.

### 3. Capital

Make sure that the students understand that capital includes **money** and **tools**. Both are used to produce things. Without money you cannot buy the materials needed for production. Without tools it is difficult, or even impossible, to produce many things.

#### a. Money capital

Ask one student to read aloud the sentence about 'Money capital'.

#### Pairwork

2. **Nang Htay.** Ask students to read the paragraph about Nang Htay. Then, in pairs ask them to answer the questions.

**Pre-teach: profit (noun):** money made from sales after all expenses (stock/goods, building rent, salaries, etc.)

#### **a. How much money capital has Nang Htay used to open her shop?**

Answer:  $700,000 + 50,000 = 750,000$  kyat

#### **b. How much profit does she make each month?**

Answer:  $300,000$  (monthly sales) -  $100,000$  (new stock) -  $100,000$  (salary) -  $50,000$  (transport, maintenance, taxes) =  $50,000$  kyat profit.

#### **c. How long will it take her to repay her money capital investment with her profits?**

Answer: It will take Nang Htay 15 months to repay her money capital investment with her monthly profits ( $50,000$  kyat profit per month  $\times$  15 months =  $750,000$  kyat).

#### b. Capital Goods.

Ask a student to read aloud the text about capital goods. What capital goods can they see in the picture?

Answer: buffalo and plough

#### Groupwork

3. Put the students into groups of 3-5 and ask them to brainstorm a list of money and capital goods used in their community. Give them 5-10 minutes to discuss and write down their ideas. Draw two columns on the board for 'Money Capital' and 'Capital Goods'. Elicit one idea from each group in turn, including which column it should go in, and check agreement with the rest of the class.

## 10. Production (cont'd)

### 4. Enterprise

Ask students to read the text about the different kinds of enterprise. Give them about 10 minutes. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### Pairwork

1. Write the following descriptions on pieces of paper, and put them in different places around the classroom.

A. Chadchai drives a government bus between Bangkok and Chiang Mai in Thailand. He has worked for the national bus company for thirty years. His wife works with him in the bus as a steward, making sure the passengers are comfortable. Chadchai will retire in two years. He is looking forward to receiving his government pension and going to live in his home village near Chiang Rai.

B. Felipe is Brazilian. He lives in a village in the Mogiana region of Brazil. His family are farmers. They grow and sell coffee. The farmers in the village share the land so that they can grow the coffee well. They decide together each year on the different kinds of coffee to grow, and everybody helps to work on the land. The village sells its coffee directly to a non-governmental organisation which gives them a good price for it.

C. Kim lives in Seoul, South Korea. His family run a printing business. They employ about 30 people. Many members of his family work in the press. Kim's father is the manager of the business, though many members of the family have invested money in it. They have three offices in different parts of the city. Kim works as a manager of one of the offices.

D. Sanjiv lives in Delhi in India. He works with his brother Rajiv. Together they own a rickshaw. A rickshaw is a kind of bicycle with a seat in the back for passengers to sit in. They drive the rickshaw around the city, picking people up and taking them where they want to go. Sanjiv works from six o'clock in the morning until two o'clock in the afternoon. Then Rajiv works from three o'clock in the afternoon until midnight. It's hard work and they don't earn a lot of money.

E. Jorge is Spanish. He works for a German company that develops computer software. He is based in London, but the company has offices in 26 countries around the world. The company employs about 12,000 people. Jorge manages a team of forty people in five different countries. His team develops software to help run factories.

In pairs, ask students to go around the room, read the descriptions, and decide what kind of enterprise each person works for. Give them about 15 - 20 minutes. Then elicit one answer from each pair in turn and check agreement with the rest of the class.

**Answers:**      *A - State company, B - Cooperative, C - Local company, D - Small business*  
                      *E - Corporation.*

#### Discussion

2. Which kinds of enterprise exist in your community? Put students into groups of 3-5 and ask them to discuss and write down ideas. Then elicit ideas from each group in turn.

## 10. Production (cont'd)

Guide the students through 'The Production of Paper'. Make sure that they understand each part.

### Pairwork

1. Ask the students to get into pairs and design a poster about the production of a particular good (not paper!) or service, showing the kinds of land, labour, capital and enterprise used. They can use the 'Production of Paper' model as a guide, but you should emphasise that you are looking for original and creative ideas. Give them about 30 minutes to design the poster.

Then ask each pair to present their poster to the class. After each presentation, ask the class whether they think the pair have forgotten anything, and whether the items are listed under the correct categories. Finally, when all the pairs have finished, have a vote on which poster was the best. Pairs cannot vote for themselves.

# 11. Employment, Working Conditions & Labour Unions

## Brainstorm

1. Ask the students why they think people work. Write their ideas on the board. If they get stuck, here are some suggestions:

- Work is a necessity. Having a job means that we can earn money (wages, income) that we need to buy things.
- Work can bring self-confidence and status in a society.
- Work can stop people being bored, and is a way to meet new people.
- Work can bring pleasure and satisfaction.
- Work helps people to be independent. They can support themselves and their family.

## Discussion

2. Does everybody want to work? There may be different reasons why people don't have to work:

- Study - students may not want to work because they want to focus on their studies
- Illness - physical or mental illness may mean that it is difficult for people to work
- Unpleasant jobs - if people can only find unpleasant jobs, they may not want to do them
- Don't need the money - some people who are very rich don't need or want to work
- Laziness!
- Caring for children is **not** included here as it *is* work (just usually unpaid)

## Labour & unemployment

**Pre-teach: to negotiate (verb):** to discuss a disagreement in order to reach an agreement.

Ask students to read the paragraph about labour. Check that they understand what **labour**, **labour market** and **labour force** mean.

Ask students to read the paragraph about unemployment, the text about 'Thet Aung', and the text about 'employer' and 'employee'. Make sure that the students understand that unemployment is not just about a lack of jobs. **Skills** are also important to consider. For instance, there may be many jobs available in a place, but the people do not have the right skills for those jobs, and so they can't get the jobs.

**Sai Serdai and Nang Far.** Sai Serdai is the **employee**, and Nang Far is the **employer**.

## Brainstorm

3. Write two columns on the board: 'Paid' and 'Unpaid'. Elicit ideas from the students about the kinds of jobs in the community.

## Discussion

4. Unemployment in your community. Put students into groups of 3-5. Ask them to think and write down ideas for about 5 minutes. Then elicit one idea from each group in turn and check agreement with the rest of the class. Unemployment can be caused by many things, including:

- lack of skills among the people
- lack of businesses looking to employ people
- economic problems meaning that businesses are having to close or lose employees
- transport problems meaning that people are unable to travel to find work

## 11. Employment, etc. (cont'd)

**Pre-teach:** *wages (noun): salary, income, pay.*

### Discussion

1. Ask the students to think about these questions for a few minutes. Then elicit answers and check agreement with the rest of the class.

### Labour supply & demand

**Pre-teach:**

- *to shrink (verb): to get smaller*
- *to lay off (verb): to ask workers to leave their jobs*

Ask students to read the text. Give them about 5 minutes. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

### Discussion

2. Put students into groups 3-5 and ask them to think about this for 5 minutes. You might want to prompt them by writing things like age, wages, conditions, etc. on the board. Give them about 5 minutes. Then elicit ideas from each group in turn and check the agreement with the rest of the class.

**Pre-teach:**

- *unfair discrimination (noun): denying someone equal treatment on the basis of age, skin colour, nationality, religion, or gender*
- *exploitation (noun): to make use of someone's labour unfairly, sometimes through force*

### Discussion

3. Ask the students what the picture is trying to say.

### Labour law

This picture is about child labour. The child in the picture is working hard to make footballs. In his mind he is thinking of playing football, but because he has to work so hard he never has time to play. In many poor countries around the world children have to work, even when it is against the laws of that country. They sometimes have to work very long hours every day for very low wages. They often cannot go to school because they have to work, and have little time to play. They do not know their rights, if they have any, and are vulnerable to many kinds of exploitation in the workplace. Unfortunately many families in poor countries have little choice but to send their children to work. Often they don't have enough money for their food and schooling, and the government cannot or does not help them.

Ask the students if there is any child labour in their community. Why/Why not?

### Groupwork

4. Put students into groups of 3-5. As employees of the Labour Ministry of Mazalia, explain that you want each group to write 5 statements about who should be allowed to work, who should not, and what kind of work they should be allowed to do. Give them about 15 minutes. For instance:

- Children under 16 should not be allowed to work in factories.
- Women should not be allowed to serve in the army.

Elicit one idea from each group in turn. Make sure you ask each group why they have made these decisions, and ask the other students if they agree with the statement. For instance, why shouldn't women be allowed to work in the Army? What if women want to serve in the Army? Shouldn't they have the right to choose freely? Does the government have the right to deny them access?

### Working conditions

*See the next page.*

## 11. Employment, etc. (cont'd)

### Working conditions

**Pre-teach:** *to maximise (verb): to make as big as possible*

Ask students to read the paragraph about 'Working Conditions'. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### Discussion

5. Ask the students to imagine what bad working conditions are. Give them a few minutes to think and then elicit suggestions. If they are not sure, prompt them with questions like:

- What about if you have to work for 12 hours without a break?
- What about if you have to work with dangerous equipment without protection?

---

### Labour unions

Ask students to read the paragraph about 'Labour Unions'. Give them 2-3 minutes. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### Pairwork

1. True or false. Write the statements below (but not the answers!) on the board. In pairs, students must decide which statements are true, and which are false. If they think a statement is false, they must provide a correct statement.

**a. Some employers will try to save money by providing poor working conditions.**

*Answer: True*

**b. A labour union helps employers to improve and protect working rights and conditions.**

*Answer: False. A labour union helps workers to improve and protect working rights and conditions.*

**c. A strike is when employers refuse to allow workers to work.**

*Answer: False. A strike is when workers refuse to work for the employer.*

### The Bryant & May Matchgirls Strike, London, England

**Pre-teach:** *pus, boycott, dispute, publicity, inspire, and formation* (definitions in the Glossary at the back of the module).

Ask students to read the text. Give them about 15 minutes. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### On Your Own

2. Ask students to answer the questions below in their notebooks. Then ask them to compare answers in pairs. Elicit answers and check agreement with the class.

**1. What was the system of fines used in the Bryant & May factory?**

*Answer: Workers were fined if they talked, dropped matches or went to the toilet without permission. If they arrived late to work, they were fined half a day's pay.*

**2. Why did 1400 women at the factory go on strike?**

*Answer: They went on strike because their co-workers were fired for refusing to sign a statement that they were happy with the working conditions.*

**3. What did Annie Besant and other journalists call for in their newspapers?**

*Answer: They called for a boycott of Bryant & May matches.*

**4. Why was the Matchgirls strike so important?**

*Answer: It was so important because it was the first strike by unorganised workers to gain national publicity, and helped to inspire the formation of unions all over the country.*

## 11. Employment, etc. (cont'd)

### Sweatshops and labour rights

#### **Pre-teach:**

- **exploitation (noun):** to make use of someone's labour unfairly
- **media (noun):** newspapers, TV, and radio
- **barbed wire (noun):** wire with sharp points used as a fence
- **armed (adj):** carrying a weapon
- **to censor (verb):** to remove sensitive information, or forbid its publication

Ask students to read the text. Give them about 10 minutes. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### **On Your Own**

1. Write the questions below on the board (but not the answers!). Give them about 20-30 minutes to write their answers. Then put them into pairs and ask them to compare answers and agree. Finally, elicit one answer in turn from a different pair and check agreement with the rest of the class.

Suggested answers (students' answers may differ slightly from these as long as the basic content is the same):

#### **a. What is a sweatshop?**

*Answer: A sweatshop is a factory where workers suffer exploitation.*

#### **b. List three of the abuses of labour rights that the El Monte factory workers suffered?**

*Answer: Students can list any three of the following:*

- They had to work 18 hours a day
- They were imprisoned in the factory compound by armed guards and barbed-wire.
- They slept in crowded rooms with rats.
- Their phone calls and letters were censored.
- They were threatened by the factory owner and guards.
- They were paid very low wages.
- They were forced to buy goods from the factory shop which was very expensive.

#### **c. What decisions did the court make in the El Monte workers case?**

*Answer: The court awarded money and legal migrant status to the workers. It also decided that the big clothing companies were responsible for the working conditions in the factories of their subcontractors.*

#### **d. How did the Nike factory owner keep employees awake at night?**

*Answer: He put drugs into the drinking water.*

#### **e. What sorts of fines did Nike factor workers have to pay?**

*Answer: Some workers were fined 500 baht for yawning. One woman was fined 2000 baht for bringing a lemon to work to keep herself awake.*

#### **f. Do you think it is wrong to treat workers like the El Monte and Nike factory workers did? Why? Why not?**

*Students can write their own answers.*

#### **Discussion**

2. Write the following two questions on the board:

Why do you think the owners of the El Monte and Nike factories treated their workers so badly? What should be done to try and improve labour conditions, and the respect of labour rights?

Put students into groups of 3-5. Ask them to discuss and write down ideas. For each question in turn, elicit one idea from each group in turn and discuss them with the rest of the class.

# 12. Oil

- Discussion** 1. Elicit ideas from the students about each question for a few minutes. Then ask one student to read aloud the paragraph ‘What is oil?’. Explain that oil formation takes millions of years.

## What is oil?

- Pairwork** 2. Put the students into pairs. Ask each pair to spend 5 minutes making a list of things that they think are made of oil. Then elicit ideas from each pair.

- Brainstorm** 3. Elicit suggestions about things that use oil as a fuel. Here are some ideas:

*motorbikes cars trucks buses trains ships aeroplanes generators  
factories power stations heating systems agricultural machines*

Ask a student to read the paragraph ‘What is oil used for?’ Check understanding.

## What is oil used for?

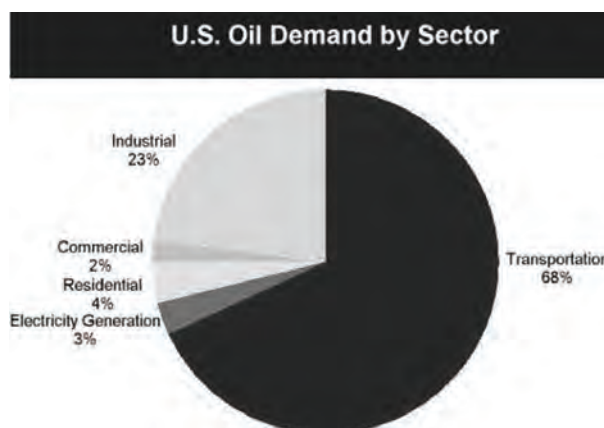
Ask a student to read aloud the paragraph on ‘Oil Consumption’. Check understanding.

- Discussion** 4. Give the students a few minutes to think. Then, elicit possible answers from the students, checking whether the rest of the class agrees.

## Oil consumption

- Pairwork** 5. Put the students into pairs. Give them about 5 minutes to guess the correct answers.

1. *b*
2. *d*
3. *e*
4. *a*
5. *c*



Elicit ideas from students about why the US uses so much oil for transport.

Most goods in the US are transported by road and air, which use a lot of oil. The railway system, which uses much less oil, is not as developed as many other countries. The US is a large country, so people often have to travel long distances. The US has a very high number of cars and trucks, with about 240 million registered in 2004, nearly one for every US citizen. Compare this with China, which has 27m vehicles and a population of about 1.3 billion.

## 12. Oil (cont'd)

**Pre-teach:** *shortages, to condemn, harassment, to criticise, repressive, legitimacy.* (Definitions in the Glossary at the back of the module)

### On Your Own

1. Read the text below 3 times. The first time, all the way through, and the second and third times pausing between each paragraph. Ask students to **summarise the main points**. They should NOT just copy what they hear. Then ask them to compare their work in pairs. Finally, elicit one main point from each pair in turn and check agreement with the rest of the class.

### Pairwork

#### Access to oil

All countries worry about oil supply, particularly countries that consume a lot of oil. If they cannot get the oil they need, they will have serious problems. Oil **shortages** would affect energy generation, transport, manufacturing and cause much economic damage.

Many people argue that the US, the world's largest oil consumer, has used its political, economic, and military strength to control the world's oil supply. Many of the actions of the US have been **condemned** by some international groups as unlawful. They say the US is willing to tolerate, and even support, corrupt and oppressive governments to obtain oil.

For instance Saudi Arabia, the world's largest oil producer, is a key oil supplier to the US. Political opponents of the government face regular **harassment**. Serious abuses of human rights by the government, including torture, are often reported. Nevertheless the US continues to support the government publicly, and sells the regime large amounts of weapons.

Oil companies have also been **criticised**. A lot of oil lies in the territory of **repressive** and/or corrupt governments with bad human and environmental rights records. Many oil companies work closely with them to extract oil, giving them some **legitimacy** and money from oil sales.

**Pre-teach:** *demonstration, activist, compensation, slums, nationalise, claim.* (See Glossary)

### Groupwork

2. **Oil, economics and power.** Put students into groups of 3-5. Give them 20 minutes or so to discuss and write ideas. Then elicit ideas in a class discussion. Here is some guidance to help you with the discussion.

1. Many people say that the real reason that the US and UK invaded Iraq was not about 'weapons of mass destruction', but about oil. Iraq is a major oil producer, but the government was hostile to the West. Iraq was also seen as a threat to the stability of the Middle East - the largest oil producing region in the world. These protesters are arguing that wars should not be fought for oil.

2. The military government in Nigeria didn't want to share oil revenues with the Ogoni. They wanted to keep all the money themselves. Also, they were worried that Ogoniland might try to become independent, particularly if it became rich. They murdered Saro-Wiwa to try to stop this.

3. Because much of the oil and gas in Bolivia is extracted by foreign companies, most of the profit was not going to the Bolivian people. Evo Morales and his supporters believe that this is wrong. They believe that Bolivia's natural resources should be used to benefit the Bolivian people, not foreign companies. The decision was condemned by certain sections of the international community, particularly countries with large oil and gas needs, or big investments in Bolivian oil. They fear that the actions of Bolivia will be copied by other oil producing countries, and that they will lose control over precious oil resources and oil profits.

4. Oil supply dropped and many countries experienced an oil shortage. The price of oil quadrupled (x4) by 1974. The US suffered its first fuel shortage since the Second World War.

5. The Russians want to extract the oil under the North Pole. This area of the world contains twice as much oil as Saudi Arabia, who currently produce the most oil in the world. Control of these oil reserves would give Russia huge economic power.

## 11. Oil (cont'd)

### On Your Own

1. Get the students to circle a date on the timeline. Elicit dates from the students to see whether there is any general agreement about when they think oil may run out. Do not give them an answer.

### On Your Own

2. Read the text 3 times, and get them to fill in the gaps. When they have finished, put them into pairs to compare answers. Then elicit answers from students, and check with the rest of the class.

### Pairwork

The correct text is below:

Oil consumption depends on two things: supply and price. It is impossible to know exactly how much oil remains in the Earth. New sources are still being found, though much less often than before. The world's proved (confirmed) oil reserves are currently 1,293 billion barrels. It is also difficult to predict how much we will consume in the future, although consumption rates are still rising rapidly. World demand for oil has risen from 60 million barrels per day in 1986 to 84 million barrels per day in 2006. Some scientists think that there will be serious oil shortages by the year 2080, and the price of oil will be so high that many countries will not be able to afford it. The price of a barrel of crude oil rose from 34 US dollars in January 2004 to 77 US dollars in October 2006.

### Discussion

3. Elicit suggestions from the class. The answer is that rises in the price of oil will probably mean rises in the prices of ALL goods. Almost everything relies in some way on oil, in production, transportation, etc.

# 13. Economic Indicators

## Pre-teach:

- **indicator (noun):** a value/statistic which shows the health of an economy
- **to shrink (verb):** to get smaller

Ask students to read the first paragraph about economic indicators. Explain that economic indicators are a bit like a thermometer. They take the ‘temperature’ of an economy, to see if it is ‘healthy’ or ‘ill’.

Explain that the **standard of living** is **relative** to the situation in each country. For instance, a person living in the US might earn a lot more than a person living in Vietnam. However, the **cost of living** in the US is much higher than in Vietnam, so the person in the US might actually be poorer than the person in Vietnam. Share the information below about **real** and **relative** income.

### Kate, New York, USA

<b>Annual Income:</b>	<b>\$32,000</b>
Annual Rent Cost:	\$14,000
Annual Food Cost:	\$6,000
Annual Transport Cost:	\$3000

### Nguyen, Hanoi, Vietnam,

<b>Annual Income:</b>	<b>\$3,500</b>
Annual Rent Cost:	\$750
Annual Food Cost:	\$1000
Annual Transport Cost:	\$500

This shows that Kate spends about 45% of her income on rent, while Nguyen only spends about 21% of his income on rent. Also, food and transport are much cheaper in Hanoi than in New York. So, while Nguyen earns less in ‘real’ terms, he is not necessarily poorer in ‘relative’ terms.

## Groupwork

1. Put students into groups of 3-5. Ask them to think about different indicators that could measure the standard of living in a country. Give them 10 minutes to discuss and write down ideas. Then elicit ideas from each group in turn.

## Pre-teach:

- **gross (adj):** whole
- **domestic (adj):** home, as in country
- **product (noun):** the goods and services produced

## Discussion

2. Ask the students to look at the GDP figures. Do they think that China is almost as rich as Germany? What might be the problem with these figures? Prompt them by asking ‘What about population?’

*The problem with GDP is that it does not give you detailed information about the standard of living of the average person in that country, nor about how the wealth is distributed. Is it divided equally, or are there a few very rich people and lots of very poor people? It only gives an overview of the total goods and services that the country produces. Also, it does not take into account the number of people in the country, so a country with a small GDP may be rich because it has a very small population.*

## Discussion

3. Ask the students to look at the GDP per person figures. (The word ‘capita’ is sometimes used instead of ‘person’.) GDP per person is the GDP divided by the number of people in the country. What do they notice? Do these figures give a more accurate picture of a country’s economy? Why? Do they see any problems with the accuracy of this economic indicator?

For most purposes, GDP per person is a more accurate economic indicator than just GDP. But it still does not really show the average standard of living in the country. All the money may be concentrated in the hands of very few people, while most of the population remain very poor. Also, it does not tell us accurately how much economic power the country as a whole has. The GDP per capita in Thailand, for example, is much higher than in India, but India has much more economic power because the total GDP is much higher.

### 13. Economic Indicators (cont'd)

#### GDP per person in Equatorial Guinea

##### **Pre-teach:**

- **slum (noun):** an overcrowded, poor part of a town or city with bad housing
- **to condemn (verb):** to say that something is wrong
- **corruption (noun):** use of power, or position, for personal benefit

Ask students to read the text. Give them about 10 minutes. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

##### **Pairwork**

1. Put students into pairs and ask them to write answers to the questions at the end of the text. When they have finished, put the pairs into two or three big groups and get them to compare their answers. Do they agree? If not, they have to decide together on a correct answer. Then elicit an answer for each question from each group, and check that the other groups agree.

##### **Answers:**

- Why is Equatorial Guinea's GDP per person (capita) so high?**  
*It is high because the country discovered large oil and gas reserves under the sea near the coast in 1995.*
- If the GDP per person (capita) is so high, why are so many people poor?**  
*Many people are poor because most of the money made from the selling the oil and gas has been taken by President Teodoro Obiang Nguema and the people close to him.*
- How do the government and military keep control over the people?**  
*They hold unfair elections, and use violence and corruption.*
- Why does this example demonstrate the limits of using GDP per person (capita) as an economic indicator?**  
*It demonstrates that GDP per person does not show how wealth is distributed in a country. Therefore, even though a country might have a lot of money, most of its citizens could be very poor.*

### 13. Economic Indicators (cont'd)

#### The United Nations Human Development Index (HDI)

##### Pre-teach:

- **poverty (noun):** *being poor*
- **literacy (noun):** *being able to read and write*
- **life expectancy (noun):** *the average amount of time that someone can expect to live*
- **to rank (verb):** *to put in order*
- **development (noun):** *how advanced a country is*

Ask students to read the text. Give them about 10 minutes. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

##### Pairwork

1. In pairs, ask students to write down **three** key points from the text. These should be the things they consider important. Then elicit one key point from each pair in turn and write them on the board.

##### Discussion

2. The HDI map shows that by far the largest number of Low Development countries are in Africa. Ask the students why they think this is.

Issues to discuss:

climate, war, political instability, corruption, infrastructure (roads, railways, communications), healthcare, education

##### Groupwork

3. Put students into groups of 3-5. Ask them to think about the HDI of their own community. What score would they give themselves, and why? Give them about 10 minutes to discuss and write down ideas. Then elicit scores and explanations from each group and discuss with the class.

# 14. Economic Systems

## Groupwork

1. Put the students into groups of 3-5. Ask them to discuss and write down ideas for a few minutes. Then elicit ideas from each group in turn and check agreement with the rest of the class.

### Pre-teach:

- **to interfere (verb):** to involve yourself in something to try to influence it
- **allocation (noun):** sharing out
- **unique (adj):** different from all the others

Ask different students to read aloud sections of the text about Economic Systems. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

## Groupwork

2. Give students 5-10 minutes to look through the information on their own. Then split them into groups of 3-5 people and make them close their books so that they cannot see the information. Write the quiz on the board and ask each group to complete it together on paper. Give them about 15 minutes to complete it.

**a. In a planned economy, private individuals and businesses usually make the economic decisions. True or False? If false, give the correct answer. (2 points)**

*Answer: False. In a planned economy, the government takes the economic decisions.*

**b. In a mixed economy, private businesses do not decide how to produce goods and services. True or false? If false, give the correct answer. (2 points)**

*Answer: False. In a mixed economy, private businesses and governments share decisions on how to produce goods and services.*

**c. In a free market economy, the government has no control over economic decisions. True or false? If false, give the correct answer. (2 points)**

*Answer: False. In a free market economy, private businesses and individuals usually make the economic decisions, but the government sometimes makes them, too.*

**d. What are the four basic economic decisions that all countries have to make? (6 points)**

1. *What (and how many) goods and services to produce.*
2. *How to produce the goods and services.*
3. *Who should receive the goods and services, and how much.*
4. *How much goods, services and labour should cost.*

After 15 minutes, get each group to exchange their answer papers with another group. Then elicit the answer to question (a) from one group. Check with the class they are correct, and confirm the answer on the board. Elicit the answer for (b) from another group, and check with the class. Continue with this pattern with (c) and (d). Ask each group to add up the marks on the sheet they are correcting, and then collect the scores to see which group received the most.

Note: grammar and spelling are not so important, the ideas are very important.

## 14. Economic Systems (cont'd)

**On Your Own** 1. Ask a different student to read aloud the different opinions, A, B & C. Give them 5 minutes to read them through on their own and make decisions about which person is referring to which economic system.

*Answers:*

*A: Mixed economy*

*B: Free market economy*

*C: Planned economy*

### **Economic freedom**

Ask students to read the text. Check understanding.

**Discussion** 2. Put students into groups of 3-5. Give them a few minutes to discuss these questions and write down their ideas. Then elicit one idea from each group in turn and check agreement with the rest of the class.

**Groupwork** 3. Put the students into groups of 3-5 people. Give them 10 minutes to brainstorm ideas for the possible dangers of a completely free market economy, and a completely planned economy.

Elicit one suggestion from each group in turn, and see whether the other groups agree. Write good suggestions on the board. Below are some suggestions to help you to prompt the class (there are many more possible ideas to add).

#### **Possible dangers of a free market economy:**

- businesses are free to pay their workers very low wages
- businesses are free to operate unfairly in order to destroy competition
- businesses are free to exploit natural resources without limits in the search for profit
- providers of key services such as education, transport and healthcare are free to exclude people who cannot pay

#### **Possible dangers of a planned economy:**

- if the government makes bad decisions, they can affect everyone seriously. In a free market economy, many businesses are making many different economic decisions, so risk is spread widely
- a lack of free competition can lead to low quality products and services, very few choices, and inadequate supply
- the government has too much economic power over the people, and can easily abuse that power
- demand is very difficult to predict accurately, so a planned economy is often very inefficient, with many unnecessary goods and services produced. A free market, with many different producers, is able to be much more flexible
- Competition is a way of keeping prices low. In a planned economy there is very little competition

A key consideration for economic systems is the relationship between economics, freedom and rights.

## 14. Economic Systems (cont'd)

### Wealth distribution and economic freedom

#### **Pre-teach:**

- **to minimise (verb):** *to make as small as possible*
- **controversial (adj):** *creates a lot of disagreement and argument*

Ask students to read the text about '**Wealth distribution and economic freedom**'. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### **Groupwork**

1. Put the students into groups of 3-5 people. Check that they understand what they need to do. Give them 30 minutes or so to decide on their strategy, fill in the table, and prepare their arguments.

Then give each group 3-5 minutes to present their ideas to the class. Make sure they give reasons for their decisions. Allow questions after each presentation.

Note: There are no 'right' answers in this exercise. This is about ideas and opinions.

# 15. Global Economic Institutions

Note: Global Economics Institutions are also known as International Financial Institutions (IFIs).

## Brainstorm

1. Put students into groups of 3-5. Get them to think about the question for a few minutes, and write some ideas down. Then elicit an idea from each group in turn.

### The World Bank

#### Pre-teach:

- **grant (noun):** money given to support an individual or a country
- **condition (noun):** a requirement connected to something given
- **asset (noun):** an item of value

Ask students to read the text. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

## Pairwork

2. Quick Quiz. Ask students to write 3 questions about the information. When they have finished, put them into pairs, and, without looking at their books, ask them to ask each other the questions and see how many they can answer correctly.

**Pre-teach: to liberalise (verb):** to make more free, reduce restrictions.

Ask students to read the first paragraph about the 'Criticisms of the World Bank'. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

## On Your Own

3. True or false. Write the following statements on the board. Ask them to decide whether they are true or false. If they answer 'false', they must provide a correct statement. Give them 10 minutes to think and write their answers. Elicit answers from students and check agreement with the rest of the class.

**1. Conditionality means that the World Bank has to agree to poor countries' conditions when they give them money.**

*Answer: False. Conditionality means before poor countries can receive money, they must agree to the World Bank's economic and social policy conditions.*

**2. Poor member countries of the World Bank have more influence over Bank decisions than rich member countries.**

*Answer: False. Rich member countries have more influence over Bank decisions than poor member countries.*

## Discussion

4. Put the students into groups of 3. Ask them to read the information on the Nam Theun 2 dam. Have them discuss the following questions in their groups:

1. The Nam Theun 2 dam issue is a conflict of national and local interests. If you had the power, would you allow the project to continue, or cancel it? Why?

2. Do you think the World Bank is right to fund this project? Why? Why not?

After giving them 20 minutes or so to read and discuss, ask each group to give its opinion on each question in turn. Discuss their answers in the class.

NOTE: The idea of this discussion is to get students thinking about conflicts of national and local interests, and the role of the World Bank in influencing a country's economic decisions.

## 15. Global Economic Institutions (cont'd)

### The International Monetary Fund

**Pre-teach:** *fixed exchange rates*: a system where the exchange rates of the currencies of a group of countries are fixed so that they do not change. This is usually done to increase economic stability in a region.

Ask students to read aloud the first two paragraphs about the IMF, including 'Criticisms'. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### Pairwork

1. True or false. Write the following statements (but not the answers!) on the board.

**1. The IMF lends money to countries in need.**

*Answer: True.*

**2. Countries with small economies are allowed to borrow more than countries with large economies.**

*Answer: False. Countries with large economies are allowed to borrow more than countries with small economies.*

**3. Countries with large economies have more control over IMF decisions than countries with small economies.**

*Answer: True.*

**4. Critics of the IMF argue that its policies have reduced poverty in poor countries.**

*Answer: False. Critics argue that IMF policies have increased poverty in many poor countries.*

Ask them to decide in pairs whether they are true or false. If false, they should provide a correct statement. Give them about 20-25 minutes. When ready, elicit one answer from each pair in turn and check agreement with the class.

### The IMF and the East Asia Financial Crisis

**Pre-teach:** *drastic (adj)*: very severe and sudden.

Ask students to read the text. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### On Your Own

2. Multiple choice. Copy the following exercise onto the board. Give students 10-15 minutes to complete it. Then put them into pairs and ask them to briefly compare their answers. Elicit answers from individual students and check agreement with the class. Finally, read through the text again with the students.

**1. Which one of the countries below suffered the most in the 1997 financial crisis?**

*a. Cambodia*

*b. Thailand*

*c. Singapore*

**2. Many people blamed the IMF for the crisis saying that**

*a. they encouraged countries to liberalise the economies too slowly.*

*b. they didn't encourage countries to liberalise their economies.*

*c. they encouraged countries to liberalise their economies too quickly.*

**3. The IMF's solutions were criticised because**

*a. they didn't demand enough reform.*

*b. they demanded drastic reform, including a huge cut in government spending, and no help for failing businesses.*

*c. they demanded huge government spending and help for failing businesses.*

*Answers:*

**1: b**

**2: c**

**3: b**

## 15. Global Economic Institutions (cont'd)

### The World Trade Organisation

#### Pre-teach:

- ***predictably (adverb):*** in a way that people can tell what is going to happen
- ***to comply (verb):*** to do what you are asked to do
- ***dispute (noun):*** argument
- ***to monitor (verb):*** to oversee, check
- ***transparent (adj):*** free from deceit, clear

Ask students to read the text about the WTO, including the paragraph on ‘**Criticisms of the WTO**’. Give them about 10 minutes. They should write down any words that they don’t know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### Groupwork

1. Put students into groups of 3-5. Ask each group together to try to remember as many of the key points from the two paragraphs as they can, and write them down. They DO NOT need to remember the exact words. Give them 5-10 minutes to do this.

When you are ready, elicit one key point from each group in turn, and see how much of the key information they can remember. Write each point on the board.

**Pre-teach: *tear gas:*** gas that stings your eyes, used by police to break up crowds

Ask students to read the paragraphs about the ‘**Battle of Seattle**’ and ‘**A fairer world**’. They should write down any words that they don’t know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

### A fairer world?

#### Groupwork

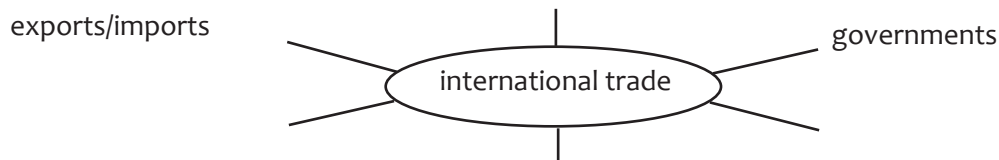
2. Put students into groups of 3-5 people. Ask them to look at the information about the World Bank, the IMF and the WTO. Give them about 15-20 minutes to discuss what kind of changes they would make to each institution and write down their ideas. Then, consider each of the institutions in turn and elicit ideas from each group.

# 16. International Trade

You might want to ask students to keep their Student's Books closed for exercises 1 & 2 on this page.

## Groupwork

1. Divide the class into groups of 3-5. Give them an example of the beginning of a mind map if they can't remember how to do it.



Give them 5 minutes to complete their mind map. Then ask each group to draw their mind map on the board and explain briefly why they have chosen these words.

Once you have finished the exercise, ask students to open their Student's Books. Ask one student to read aloud the first paragraph about international trade. Ask one student to try and explain the diagram. Then ask them to close their books again.

## Discussion

2. Why do countries trade with each other? Write the question on the board. Elicit suggestions from the class and write down good ideas on the board.

### 1. Supplying needs and wants

Ask students to open their books, and read the paragraph about '**Supplying Needs and Wants**'. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

## Pairwork

3. Put the class into pairs and give them 5 minutes to brainstorm Myanmar's imports and exports. Then elicit suggestions from each pair and write them on the board.

Myanmar's main imports include fabric, petroleum products, plastics, machinery, transport equipment, construction materials, crude oil and food products. In 2005, most of Myanmar's imports were coming from China (29.3%), Thailand (22.2%), Singapore (18.7%), and Malaysia (5.4%).

Myanmar's main exports include clothing, gas, wood products, pulses, beans, fish, and rice. In 2005, most of Myanmar's exports were going to Thailand (44.9%), India (11.5%), China (6.9%) and Japan (5.1%).

### 2. Price advantage

When you have finished the exercise ask students to read the paragraphs about '**Price Advantage**'. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

## 16. International Trade (cont'd)

### 3. Trade specialisation

**Pre-teach: to specialise (verb):** to focus on a small number of tasks.

Ask students to read the paragraphs about 'Trade Specialisation'. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### Groupwork

1. What trade advantages and disadvantages does Myanmar, or your community, have? Put the class into groups of 3-5. Give them 10 minutes to think about the question and write down some ideas. Then elicit one idea from each group in turn.

Advantages might include:

- Cheap labour
- Rich natural resources (agricultural land, gas, minerals, etc.)
- Good geographical position - bordering China and India, the two fastest growing markets in the world
- Close to the Straits of Malacca, an important sea transport route

#### Pairwork

2. Trade Commission. Put the students into pairs. Get them to decide which five goods they think that Myanmar should specialise in, giving reasons why. Also, ask them to think of ways to increase exports for these goods. Give them 10-15 minutes to finish the exercise. Ask each pair to present their ideas to the class for about 2 minutes, giving reasons for their choices. Does the class agree?

### Balance of payments (balance of trade)

Ask students to read the text. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself. Make sure they understand that it means the value of all imports to one country over a period of time (i.e. one year) compared with the value of all exports from that country.

#### On Your Own

3. Draw this table on the board and ask students to work out the value of the trade surplus (+) or deficit (-) for each country (10 mins). All figures in US\$ billions.

	Value of exports	Value of imports	Surplus (+) / Deficit (-)
Thailand	109.2	117.8	-8.6 (deficit)
China	762.0	660.0	
Cambodia	2.7	3.2	
Indonesia	86.6	63.9	
Korea	284.4	261.2	
Laos	0.7	1.2	
Philippines	40.2	47.8	
Malaysia	141.0	114.6	

**Answers:**

China: +102, Cambodia: -0.5, Indonesia: +22.7, Korea: +23.2, Laos: -0.5, Philippines: -7.6, Malaysia: +26.4.

## 16. International Trade (cont'd)

### Trade deficits

Ask students to read the text. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### Groupwork

1. Trade between China and the USA. Put the students into groups of 3-5. Give them the following information to help them. Give them 20 minutes to prepare their ideas.

**Labour:** As labour in China is much cheaper than in the USA, it is much cheaper to produce goods which require a lot of low-skilled people in the manufacturing process. In the USA wages are much higher, so labour-intensive goods are much more expensive to produce.

**Technology:** The USA tends to focus more on goods and services which require high technology and skilled workers, or low numbers of unskilled workers, to produce them. This is because technology and education in the USA are currently better than in China (trade advantage), but labour is more expensive (trade disadvantage). Products like soybeans, metals, wood, and cotton can be produced in large quantities using technology and small numbers of workers. Chemicals, aircraft and industrial machines, tend to require high technology and highly skilled workers to produce them.

**Wealth:** America is a rich country. The average American has a lot more money than the average Chinese person. Therefore, Americans tend to consume many more goods and services per person than the Chinese.

China is a very fast growing market, but the majority of the population remains quite poor. Therefore, they tend to consume fewer goods and services person than Americans.

**Production/Consumption Needs:** Due to the trade advantage of cheap labour, China is producing huge amounts of finished goods. To do this it needs raw materials, like cotton, wood, plastics, steel, etc. It is unable to supply all of these needs itself, so needs to buy from other countries.

The USA does not need so many raw materials, and so can sell some of its raw materials to the Chinese. However, the American people want finished goods, like TVs, toys, computers, etc. It is much cheaper to buy them from China than to produce them in the USA.

#### Discussion

2. Why is the USA's trade deficit with China so huge?

The US economy is driven by the consumption of finished goods. Many of the goods it consumes come from China. The Chinese economy is driven by production of finished goods. It requires raw materials, some of which come from the USA. However, the value of finished goods exported from China to the USA is much greater than the value of raw materials exported from the USA to China.

## 16. International Trade (cont'd)

### Trade deficits: bad or good?

#### Discussion

1. What problems do you think a large trade deficit might create for a country? Get the students to close their Student's Books before you ask them this question. See if they can think of any suggestions, and write down good ideas on the board. If they can't think of anything, prompt them: What about jobs in a country which imports so many things? What about dependence on other countries?

Ask students to read the text about '**Trade Deficits: bad or good?**' They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

**Inward investment** - money invested in the US from other countries.

**Outward investment** - money invested by the US in other countries.

#### Groupwork

2. Put students into groups of 3-5. Give them 15 minutes to draw up a list of five important goods and/or services (five things total, not ten) that your country has difficulty producing. What strategies would they use to encourage foreign governments and companies to export these goods and services to your country?

Ask each group to make a 2-3 minute presentation to the class, using the board to illustrate their ideas. Ask them to give reasons for their choices. See whether the class agrees with their ideas.

### Trade protectionism: tariffs and subsidies

Ask students to read the text. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### Discussion

3. Elicit ideas from students about strategies that the country might use to protect its economy.

#### 1. Import tariffs

Ask students to read the paragraph about import tariffs. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

## 16. International Trade (cont'd)

### Discussion

1. Why do you think import tariffs might be useful for developing countries? Put students into groups of 3-5 people. Ask them to think about this question for a few minutes. Then elicit one idea from each group in turn.

#### Pre-teach:

- **to compete (verb):** to be in competition
- **to dominate (verb):** to have a lot of control over
- **liberalisation (noun):** making more free, removing controls

Ask students to read the text. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

### Pairwork

2. Multiple choice. Put students into pairs. Write the following multiple choice exercise on the board. Give students time to complete the exercise and write down the answers in their notebooks. Put students into new pairs and get them to compare answers. Finally, elicit answers from students and check agreement with the rest of the class.

#### 1. Import tariffs mean that some imported goods and services:

a) become cheaper.      b) become more expensive.      c) are not allowed to enter the country.

#### 2. Some people think imports tariffs are good for developing countries because:

- a) they help them to import more goods.  
b) they help them to sell their goods to other countries.  
c) they help them to protect their economy.

#### 3. For Senegal, Uganda and Mexico, trade liberalisation has:

- a) created economic growth.  
b) created economic problems.  
c) stopped foreign imports.

**Answers:**      1: b      2: c      3: b

### On Your Own

3. Comprehension. Give students enough time to answer the following questions in their notebooks. When they have finished, put them into pairs and ask them to compare answers. Do they agree? Finally, elicit answers from students and check agreement with the rest of the class. Below are the questions and guideline answers.

#### a. Why do some people consider that import tariffs are good for developing countries?

*Answer: Some people consider import tariffs good for developing countries because they help local businesses to compete successfully against foreign imports.*

#### b. What do Japan, South Korea, China, Italy, Austria, Finland and France have in common?

*Answer: All these countries have successfully used import tariffs to boost economic growth.*

#### c. Why do the IMF and the WTO want import tariffs in developing countries to be reduced or removed?

*Answer: They say that reducing or removing import tariffs will help the economies of these countries to grow.*

#### d. What happened when trade was liberalised in Senegal?

*Answer: One third of people working in the manufacturing sector lost their jobs.*

### Groupwork

4. Put the students into groups of 3-5. Give them 5-10 minutes to decide whether Myanmar should use import tariffs and why/why not. Elicit one idea from each group in turn and discuss with the class.

## 16. International Trade (cont'd)

### 2. Subsidies

Ask the students to read through the first paragraph. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself. Ask them some questions to check understanding (without letting them look at the text):

**What is a subsidy?**

**In which economic sector are subsidies most commonly used?**

**What kind of products does the EU CAP subsidise?**

#### Discussion

1. Why do you think the EU pays so much money to its farmers? Who is the EU protecting the farmers from? Who else in the world produces sugar, milk, meat, cotton, tobacco, etc.?

The answer is that the EU is trying to protect its farmers against farmers in developing countries who can produce these products more cheaply. The EU pays its farmers a lot of money so that they can lower their prices and be competitive in the international market.

Subsidies and developing countries

Ask students to read aloud one sentence of this paragraph in turn.

#### On Your Own

2. True or false. Give the students 5-10 minutes to read the paragraph on their own and decide on the following statements. If they think a statement is 'false', they must give a correct statement.

Then elicit answers from individual students and check agreement with the rest of the class.

**a. Developed countries use subsidies to protect the economies of developing countries.**

*Answer: False. Developed countries use subsidies to protect their own economies.*

**b. Subsidies and import tariffs in developed countries help developing countries to sell products to them.**

*Answer: False. Subsidies and tariffs in developed countries make it more difficult for developing countries to sell products to them.*

**c. Subsidies help farmers in developed countries to lower the prices of their products.**

*Answer: True.*

**d. Developing countries don't use subsidies to protect their producers.**

*Answer: False. Developing countries also use subsidies, usually to protect their producers against producers in other developing countries.*

#### Discussion

3. Put students into groups of 3-5. Ask them to look at the picture and discuss the meaning of the picture.

*The picture shows that the world's 30 richest countries spend \$305 billion per year to protect their agricultural industries, often against farmers in developing countries. In return, these 30 countries give \$50.6 billion in aid to developing countries. The question is, would developing countries need this aid (or so much of it) if they were able to compete fairly with farmers in developed countries?*

Ask one student to read the last paragraph and check understanding.

## 16. International Trade (cont'd)

### Pre-teach:

- **surplus (noun):** remainder, extra
- **to dump (verb):** to get rid of unwanted things

Ask students to read “**EU sugar subsidies and the developing world**” the text. They should write down any words that they don’t know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

### Pairwork

1. Put the students into pairs. Give them 20 minutes to answer the questions below.

#### Why is sugar so expensive in the EU?

*EU sugar is so expensive because of high import tariffs. These tariffs prevent cheap sugar from developing countries from being sold in the EU. Sugar produced in the EU is very expensive because of the high subsidies paid to EU farmers.*

#### What did the EU do with the 5 million tonnes of surplus sugar it produced each year?

*The EU dumped this sugar on the international market at very low prices. This forced down the price of world sugar, making it more difficult for sugar producers in developing countries to survive.*

#### What did EU agree to do after the WTO investigation?

*The EU agreed to cut subsidies to its farmers by 36%, and to reduce sugar production by 13.6% for one year from 2006 to 2007.*

#### How will these changes affect developing countries?

*These changes will allow developing countries to sell their sugar more easily and for a better price.*

Then ask different pairs to get together and compare their answers (i.e. in groups of four). If their answers are different they must all agree on a correct answer. Elicit answers for each question from different groups and check agreement with the rest of the class.

NOTE: Check that students’ facts, and understanding of the concepts, are correct. They do not need to answer with exactly the same vocabulary as is in this Teacher’s Guide.

### Groupwork

2. Put students into groups of 3-5. Each group will be a different Economic Strategy Committee for Myanmar. Give them about 30 minutes to decide which 5 goods they would decide to protect with import tariffs and subsidies, and why.

When they are ready, get each group to come to the board in turn and give a five-minute presentation about their decisions and the reasons for them. Give other students (and yourself) the opportunity to ask questions.

The goods that Myanmar should most sensibly protect with import tariffs and subsidies are those goods that are particularly important to the national economy. Possible examples include rice, beans, fruit, minerals, wood, fish and natural gas.

## 16. International Trade (cont'd)

### **Free trade**

Write the words 'Free Trade' on the board. Ask students: 'What do you think 'Free Trade' means?' Elicit answers and write down key words and phrases on the board.

Ask students to read the text about '**Free Trade**'. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### **Groupwork**

1. **Fair Free Trade?** Ask students to read each of the text about Zadio in Mazalia. When they have finished, put them into groups of 3-5. Ask them to decide which of the following two situations they think is fairer, and why:

- a) Import tariffs are used to protect Zadio from orange producers from other countries, but consumers in Mazalia have to pay high prices for their oranges.
- b) Import tariffs are removed so that the price of oranges in Mazalia decreases a lot, but Zadio can no longer sell many oranges.

Give them about 5-10 minutes to make their decision. Then elicit an opinion from each group, and ask them why they think it is fairer.

#### **On Your Own**

2. Ask the students to write a short essay (about 200 words, though they can write more if they want) on free trade and trade protection. The title is:

**'Free Trade is the fairest form of international trade.'**

They have to decide whether they agree or disagree with the statement, and argue for their position. The essay should show how well they have understood the concepts about free trade and trade protection, their ability to present different arguments, and their ability to think analytically about these issues.

Decide which language they should write the essay in. This should NOT be an exercise in memorising text from the Student's book, so it might be a good idea to ask them to write it in their first language.

## 16. International Trade (cont'd)

### **Fair trade**

Ask the students: What do you think 'Fair Trade' means? Put the students into pairs to think about this. Give them 5-10 minutes to write down their ideas. Then elicit ideas from each pair in turn and write key words and phrases on the board.

Then, ask students to read the paragraphs on 'Fair Trade'. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### **On Your Own**

1. Memory game. Give the students 5-10 minutes to carefully read the three paragraphs about fair trade (more if necessary). Then elicit from different students in turn one fact/concept from the paragraph (if they can remember) and write it up on the board. They are NOT expected to rote learn the paragraph and do not have to use the exact words. Write their answers on the board. Try and see how much information (facts/concepts) the students can remember from the paragraph.

#### **Pairwork**

2. Ask students to read about Kenya. Put the students into pairs. Give them 10-15 minutes to carefully read the paragraph again and write down TWO questions about the information in it on a piece of paper. Ask them to write the answers on another piece of paper. When they have finished ask each pair to swap their questions (not the answers!) with another pair. Now the pair has to write answers to the other pair's questions. Give them about 5 minutes to do this. Then get them to check each other's answers.

#### **Groupwork**

3. Put the students into groups of 3-5. Ask them to develop a short presentation (less than 5 minutes) explaining why fair trade would be good for their community. All members of the group should be involved in the presentation. Key questions that they should consider include:

**Why would fair trade be useful in your community?**

**What kinds of products/goods would be traded?**

**Who would benefit from the fair trade?**

Give the students about 20-30 minutes to discuss and prepare (more if necessary). Then ask each group to come and give their presentation (5 minutes maximum).

# 17. Trade Blocs

## Pre-teach:

- **integrate (verb):** join together
- **customs (noun):** the agency that administers tax ('duty') placed on goods crossing borders, and searches for and tries to prevent the smuggling of untaxed or illegal goods

Ask students to read the first paragraph about 'Trade Blocs'. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

## Brainstorm

1. Ask students what they know about trade blocs. If they can't think of anything, prompt them with some suggestions, i.e., ASEAN, the EU, NAFTA, Mercosur.

### 1. The Association of South East Asian Nations (ASEAN)

Ask students to read the two paragraphs about ASEAN. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

## Pairwork

2. True or False. Write the following statements (but not the answers!) on the board.

#### **1. There are 11 countries in ASEAN**

*Answer: False. There are 10 countries in ASEAN.*

#### **2. ASEAN only focuses on increasing economic growth.**

*Answer: False. It also focuses on social progress, cultural development and the promotion of regional peace.*

#### **3. Today, one of ASEAN's most important roles is to balance China and India's influence.**

*Answer: True.*

Ask students to decide in pairs whether they are true or false. If false, they should provide a correct statement. Give them about 20-25 minutes. When ready, elicit one answer from each pair in turn and check agreement with the class.

## Groupwork

3. Mini-Quiz. Put students into groups of 3-5 (you need an even number of groups for this activity), let's say Groups A, B, C and D. Ask each group to prepare a quiz of 3 questions about the text on ASEAN. They should write the questions on one piece of paper, and the answers on the other piece of paper. Give them about 15 -20 minutes to do this. Then ask the groups to sit opposite each other in sets of two. Group A asks their first question to Group B. Group B must try and answer the question. They are allowed to look at the text. Now Group B asks Group A their first question. Group A answers. This continues until both groups have asked and answered three questions. Groups C & D do the same. At the end they tell each other how many questions they answered correctly. Now, mix up the groups again, so Group A is with Group D, and Group B is with Group C. Again they ask and answer 3 questions, but this time they are NOT allowed to look at the text.

## 17. Trade Blocs (cont'd)

### **2. The European Union**

Ask students to read the text. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### **Pairwork**

1. Comprehension. Put students into pairs. Write the following questions (but not the answers!) on the board and ask them to copy them into their notebooks. Then give them about 15 minutes to answer them together. When they have finished, put the pairs into groups of 4, and get them to compare their answers. Do they agree?

Finally, elicit answers from individual students for each question and check with the class.

**a. How many member states are there in the EU?**

*Answer: There are 27 member states in the EU.*

**b. What areas of policy do the EU's activities cover?**

*Answer: The EU's activities cover economics, foreign affairs, defence and health.*

**c. Why did the UK, Denmark and Sweden refuse to join the *euro*?**

*Answer: They have refused to join the euro because they fear that they will lose control over their economies.*

**d. Why aren't Bulgarian and Romanian citizens allowed to move freely within the EU?**

*Answer: They are not allowed to move freely because Western European member states fear that, if there is no control, huge numbers of Eastern Europeans will migrate to Western Europe.*

## 17. Trade Blocs (cont'd)

### 3. Economic Community of West African States (ECOWAS)

Ask students to read the text about ECOWAS. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### Pairwork

1. True or false. Put the class into pairs. Write the statements below on the board (but not the answers!). Give them about 10 minutes to decide whether the following statements are true or false. If they are false, they must provide the correct statement. Finally, elicit answers for each statement from different pairs and check agreement with the rest of the class.

**a. ECOWAS is not part of the African Economic Community.**

*Answer: True.*

**b. Civil war and political problems in the region have not affected the progress of ECOWAS.**

*Answer: False. Civil war and political problems in the region have slowed the progress of ECOWAS.*

**c. ECOWAS has a single currency called the *eco*.**

*Answer: False. ECOWAS is planning to introduce the *eco* in 2009.*

**d. ECOWAS has a peacekeeping force called ECOMOG.**

*Answer: True.*

### 4. Mercosur

Ask students to read the text about Mercosur. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### Groupwork

2. Mini-Quiz. Put the students into groups of 3-5 (you need an even number of groups for this activity). For example Groups A, B, C and D. Ask each group to prepare a quiz of two questions about the text on Mercosur. They should write the questions on one piece of paper, and the answers on the other piece of paper. Give them about 10 minutes to do this.

Then ask the groups to sit opposite each other in sets of two. Group A asks their first question to Group B. Group B must try and answer the question. They are allowed to look at the text. When they have answered, Group A confirms whether they are correct or incorrect. Now Group B asks Group A their first question. Group A answers. This continues until both groups have asked and answered two questions. Groups C & D do the same.

Now, mix up the groups again, so Group A is with Group D, and Group B is with Group C. Again they ask and answer three questions, but this time they are NOT allowed to look at the text.

# 18. Economic Globalisation

## Brainstorm

1. Ask students what they think the words ‘economic globalisation’ mean. Write their ideas down on the board.

**Pre-teach:** *unification (noun): joining together.*

Ask students to read the first paragraph about economic globalisation. They should write down any words that they don’t know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

## Pairwork

2. Put the students into pairs. Ask them to look at the items around them in the classroom and/or in the community (depending on what you have in the classroom and how much time you have). Is there a label on any of these things to say where they are made (e.g. ‘Made in China’)? If so, ask them to write the item down in their notebooks, including the information about where it was made. Then ask each pair to present their lists quickly to the class. How many different countries do the things they found come from?

eBay: an internet miracle

**Pre-teach:**

- **to bid (verb):** to offer a price to buy something, often in competition with other people
- **bidder (noun):** someone who bids

Ask students to read the text about ‘eBay’. They should write down any words that they don’t know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

## Pairwork

3. True or false. Write the following statements (but not the answers!) on the board. Put students into pairs. Give them about 10-15 minutes to decide whether these statements are true or false. If false, they must give the correct statement. When they have finished, elicit answers from pairs in turn and check agreement with the rest of the class.

**1. eBay helps people to buy and sell things on the internet.**

*Answer: True.*

**2. eBay makes money by selling goods.**

*Answer: False. eBay makes money by asking sellers to pay a small amount of money to place their advertisements, and also by taking a small percentage of the price for which items are sold..*

**3. eBay only sells toys and sports equipment.**

*Answer: False. The company sells many different things.*

**4. In 2007, almost US\$60 billion of goods were sold through eBay websites.**

*Answer: True*

**5. Today eBay only does business in the USA.**

## 18. Economic Globalisation (cont'd)

### Pre-teach:

- **isolated (verb):** separated from others
- **relative (adj):** considered in relation to something else, proportionate
- **to relax (verb):** here it means 'to make less strict'
- **technique (noun):** a way of doing something
- **repetitive (adj):** repeated many times
- **plentiful (adj):** available in large quantities

### Groupwork

1. Quiz. Put students into groups of 3-5. Give them 15 minutes to read and understand the information about 'Air Travel', 'China' and 'Nokia'. Explain that after 15 minutes there will be a quiz, but they won't be able to look at the information in the book - only use their memories.

When the time is up, write the first question below on the board and read it to the class. Give them about 2 minutes to prepare and write down an answer in their groups. Then get each group to swap their answers. Elicit the answer from one group. Check that the class agree. Then, have each group correct the answers of the other group. Correct grammar is not important for this exercise, but meaning is very important. If a group gets the answer right they receive two points. If they get it 'half right' they get one point. Do the same process with the other questions below, keeping score on the board to see which group gets the most points.

Here are the questions and suggested answers (students' answers can be in a different form, as long as the key information is correct):

1. **How many passengers are now transported by air every year?**  
*About 1.6 billion passengers are now transported by air every year.*
2. **Why has the Chinese economy grown so quickly in the past fifteen years?**  
*The Chinese economy has grown so quickly because the government has relaxed the economic laws.*
3. **China is the world's largest consumer of which goods?**  
*China is the world's largest consumer of wood, steel, coal, meat and grain.*
4. **Why can unskilled workers work in Nokia's factory in Dongguan?**  
*Modern production techniques mean that unskilled workers can produce high-technology products.*
5. **What are the advantages for Nokia of establishing a factory in Dongguan?**  
*Factory land and labour are cheap and plentiful.*

## 18. Economic Globalisation (cont'd)

### Multinational (Transnational) Corporations

Ask students to read the text. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

The world 'multinational' means 'many countries' ('transnational' means 'across countries'). A 'corporation' is a huge company made up of a group of smaller companies.

#### **Brainstorm**

1. Problems and benefits of MNCs. Put students into pairs, and have them discuss and write down ideas for 5-10 minutes. They should make two lists: one headed 'problems' and the other 'benefits'. Then elicit ideas from each pair in turn and write them on the board. Here are some ideas to help you:

**Problems:** *MNCs have huge economic power and can influence governments and world economic institutions unfairly. They can use their economic power to dominate and destroy local businesses. They can exploit natural resources in places where they are not properly protected. They can exploit labour in countries where labour rights are weak. They use clever legal and illegal strategies to avoid paying tax.*

**Benefits:** *Potential benefits include the cheaper goods, employment opportunities and investment that MNCs can bring to a country. Also, the pay and conditions in factories run by MNCs in developing countries are often better than the ones run by local companies, and sometimes they are more careful about protecting the environment.*

### Is economic globalisation good or bad?

Ask students to read the three paragraphs about globalisation. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### **Groupwork**

2. Advantages and disadvantages of multinational globalisation. Draw two columns on the board, one called 'Advantages' and one called 'Disadvantages'. Divide the students into groups of 3-5. Make half the groups 'Advantages' groups, and the other half 'Disadvantages' groups.

The 'Advantages' groups must discuss what they think are the advantages of globalisation and make a list. The 'Disadvantages' groups must do the same for disadvantages. Give them 5-10 mins to discuss and write ideas.

Then elicit one advantage from one of the 'Advantages' groups, and write it down on the board in the 'Advantages' column. Check agreement with the rest of the class. Then elicit one disadvantage from one of the 'Disadvantages' groups, write it on the board in the 'Disadvantages' column. Check agreement with the rest of the class. Continue to elicit from each group in turn until you have a good list

## 18. Economic Globalisation (cont'd)

### Some advantages of economic globalisation

Ask students to read the seven advantages of globalisation. Give them about 10 minutes. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### **Groupwork**

1. Memory game. Split the class into groups of 3-5. Give each group a number of a name. In their groups, with their Student's Books closed, they must try to remember as many of the advantages of globalisation as possible. They do not need to remember the exact words, just the concepts. One student should write a list on a piece of paper (and add the group's name). Give them 5-10 minutes to think and write. Check that there is no cheating!

When the time is up, ask each group to swap their piece of paper with another group. Then ask each group in turn to read out the list that they received. Give each team one point for each correct answer. Have any of the teams managed to get seven points?

If you have time, ask whether any of the students think that they can remember all seven advantages on their own. If so, ask them to come to the front of the class and go through them.

**Coca-Cola.** Ask if the students drink Coke. How often? Get one student to read aloud the paragraph about the Coca-Cola Company.

#### **Groupwork**

2. Do you think globalisation has helped your community? How?

Put students into groups of 3-5 and ask them to discuss and write down their ideas. Give them about 10 minutes. Then elicit one idea in turn from each group and check agreement with the rest of the class.

## 18. Economic Globalisation (cont'd)

### Some disadvantages of economic globalisation

Ask students to read the paragraph about **‘Who is in control?’** They should write down any words that they don’t know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

**Pre-teach: elite (noun):** *privileged group of people, often in positions of power and influence.*

Ask students to read aloud the text about **‘The poor feeding the rich?’** They should write down any words that they don’t know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

Ask them to look at the picture. What do they think it means?

The picture shows weighing scales. One developed (rich) country family of four people stands on the left hand scale. A group of about twenty five developing (poor) country people stands on the other scale. However, the scale is balanced. Why? The point is that the consumption of the average developed country person is many times greater than that of a developing country person.

#### Pairwork

1. Put students into pairs. Ask them to draw a graph (or two graphs) showing the statistics about consumption for the 20% of the world’s population living in the world’s richest and poorest countries. The graph(s) should clearly show the differences in the statistics for each group. Give them about 15 minutes to do this. When they have finished ask each group to come to the front of the glass and very briefly present their graph(s).

## 18. Economic Globalisation (cont'd)

Ask students to read the paragraph 'Globalisation and human rights'. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

### The tragedy of Bhopal

#### Pre-teach:

- **toxic (adj):** poisonous, harmful to health
- **catastrophic (adj):** terrible, very destructive
- **pesticide (noun):** chemicals used to kill insects on crops
- **ineffective (adj):** not working properly
- **to devastate (verb):** to cause great damage
- **compensation (noun):** money given to someone who has suffered an injustice
- **to maintain (verb):** to keep in good condition
- **sabotage (noun):** deliberate destruction of something
- **claim (noun):** a demand for compensation

Ask students to read through the text. Give them about 10 minutes. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### On Your Own

1. Write the following comprehension questions (but NOT the answers!) on the board:

**a. How many people died in the few days after the gas leak at Bhopal?**

*Answer: About 7000 people died in the few days after the gas leak.*

**b. What are the survivors still waiting for?**

*Answer: They are still waiting for fair compensation and adequate medical, social, and economic assistance.*

**c. What did the BBC investigation find in November 2004?**

*Answer: The investigation found that the chemicals are still present in the drinking water in the area.*

**d. Why did Union Carbide (UC) refuse to move the factory away from the town?**

*Answer: UC said that it would be too expensive to move the factory.*

**e. What do UC and Dow Chemicals claim caused the disaster?**

*Answer: They claim that the accident was caused by sabotage by an employee at the factory.*

**f. How much of the compensation money was still held by the Reserve Bank of India in early 2005?**

*Answer: Around US\$330 million was still being held.*

Give the students about 15-20 minutes to write their answers. Then put them into pairs and get them to compare answers. Do they have the same ones? If not, why not? Finally, elicit answers from individual students for each question and check agreement with the rest of the class.

#### Discussion

2. What do you think are the best ways of trying to stop businesses and governments benefiting from human rights abuses in other countries? Put students into group of 3-5 and get them to think about the question and write down their ideas. Then elicit one idea from each group in turn and write it on the board. Discuss whether these ideas would be effective.

## 18. Economic Globalisation (cont'd)

Ask students to read the paragraph ‘**Globalisation and the environment**’. They should write down any words that they don’t know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

### Soya beans and the Amazon rainforest

Ask students to read the text. They should write down any words that they don’t know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

#### **Pairwork**

1. Put them into pairs. Ask them to think of three comprehension questions about the text, and write down the questions and answers on two separate pieces of paper. Give them about 15 minutes to do this.

When they have finished ask each pair to swap their question papers with another pair, but keep the answer paper. Then each pair must answer the questions of the other pair. Give them about 10-15 minutes to do this.

When they have finished answering the questions, ask the sets of pairs to compare their answers, and see if they agree. If not, they must decide who has the correct answer. While this is happening, make sure that you walk around the class and check the questions and answers, and settle any disagreements.

Finally, ask the students whether anyone has any questions about the text.

#### **Discussion**

2. Do you know how globalisation is affecting the environment in Asia? What about multinational companies that are involved in mining, deforestation or oil and gas?

Ask the students whether they have any knowledge about this. Here is one example that you might want to prompt them with:

### China’s growth and the environment

The economy of China has benefited hugely from globalisation. Many multinational corporations have based their factories in China to take advantage of the large quantities of cheap labour, and finished goods from China are exported all over the world. Business in China is booming, and its 1.6 billion citizens are becoming wealthier and consuming more and more goods and services. To fuel its economic growth, China requires a lot of natural resources. It has become a huge consumer of metals, minerals, wood, coal, oil and gas. These natural resources come from all over the world, and the amount of demand in China is creating environmental destruction. The rapid development of industry and the growth of cities has also meant an increase in pollution. Therefore, the development of China, driven and sustained by globalisation, is having a huge effect on the world’s environment.

## 18. Economic Globalisation (cont'd)

Ask students to read the paragraph '**Economic globalisation and land rights.**' They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

Freeport Mine, West Papua, Irian Jaya

**Pre-teach: *by-product (noun): material produced during the manufacture of another product***

Ask students to read the text. Give them about 10 minutes. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

### Pairwork

1. True or false. Put the students into pairs. Ask them to decide whether the following statements are true or false. If they are false, they must provide a correct version of the statement.

**1. The Amungme's land rights have been respected by the Indonesian government.**

*Answer: False. The Amungme's land rights have been ignored.*

**2. The construction of Freeport mine involved cutting off the head of the Amungme's sacred mother.**

*Answer: True*

**3. The mine hasn't caused any environmental destruction in the area.**

*Answer: False. The mine has caused destruction of mangrove and rainforests, has polluted rivers and coral reefs, and caused erosion and flooding.*

**4. The landowner's trust agreement has solved the dispute between the Amungme and Freeport McMoran.**

*Answer: False. The rules and value of the agreement are still not agreed and violent demonstration continue.*

### Discussion

2. Put students into groups of 3-5. Give them about 10 minutes (more if necessary) to discuss these questions and write down their ideas. When they are ready, elicit an idea from each group in turn and discuss it with the whole class. Here are some ideas that might help you:

The Freeport mine is a very important source of income for Indonesia. Closing the mine would create economic problems for the country and the region. However, the Amungme have been wrongly treated by the Indonesian government. Their land has been appropriated, their environment has been damaged, their people have suffered human rights abuses, and their cultural and religious beliefs have been ignored. The key issue is to persuade the Indonesian government to recognise the Amungme's rights to the land and to negotiate about the future. This does not necessarily mean closing the mine, but it does mean providing proper compensation for the land and damage to the environment and livelihoods, establishing effective controls to prevent further destruction to the environment, launching environmental initiatives to repair the damage that has been done, giving the Amungme influence in future decisions regarding the mine, and establishing a plan for effective social, economic and environmental assistance for the Amungme in the future.

## 18. Economic Globalisation (cont'd)

### Pre-teach:

- **supreme (adj):** highest, most powerful
- **territory (noun):** geographic area claimed under a particular law or authority
- **jurisdiction (noun):** the limits in which law or authority can be used

Ask students to read the text about ‘**Globalisation and national sovereignty.**’ They should write down any words that they don’t know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

Colombia: a victim of globalisation?

### Pre-teach:

- **coup (noun):** a taking of power by force, usually by the military
- **cocaine (noun):** a drug made from the coca plant
- **to eradicate (verb):** to destroy
- **unrestrained (adj):** without any limitation, free
- **paramilitary (adj/noun):** a semi-official or auxiliary military force

Ask students to read the text. Give them about 10 minutes. They should write down any words that they don’t know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

### On Your Own

1. Comprehension. Write the following questions on the board (but not the answers!). Give students about 20 minutes to answer them in their books. Then put students into pairs and ask them to compare answers. Do they agree? If not, ask them to decide who has the correct answer. Finally, elicit answers from individual students and check agreement with the rest of the class.

#### 1. Why are increasing numbers multinational companies coming to Colombia?

*Answer: They are coming to exploit Colombian natural resources.*

#### 2. What is ‘Plan Colombia’?

*Answer: ‘Plan Colombia’ consists of military and economic aid which is supposed to help the Colombian government eradicate drug production and terrorist groups, and create economic growth.*

#### 3. Critics have said that ‘Plan Colombia’ is an excuse for what?

*Answer: Critics have said that it is an excuse for US control of the Colombian economy*

#### 4. What have multinational corporations been accused of doing in Colombia?

*Answer: Multinational corporations have been accused of using paramilitary groups to protect their interests and crush opposition.*

#### 5. What were the Coca-Cola bottling company and Drummond mining accused of?

*Answer: The Coca-Cola bottling company and Drummond mining were accused of hiring paramilitaries to kill senior labour union members.*

### Discussion

2. How would you try to solve the problems in Colombia, and protect national sovereignty? Put students into groups of 3-5. Give them about 10 minutes (more if necessary) to discuss these questions and write down their ideas. When they are ready, elicit an idea from each group in turn and discuss it with the whole class. Here are some ideas that might help you:

Possible solutions could be to put pressure on the government to defend its people and the environment, to improve and enforce the laws, and to put pressure on multinational corporations to act responsibly in Colombia.

# 19. Financial Crises

## Brainstorm

1. Ask students what they think the words ‘financial crisis’ mean. Write their ideas down on the board.

### Pre-teach:

- **mortgage (noun):** a large loan used to buy a house
- **bankrupt (noun):** unable to pay back money owed to creditors
- **reserves (noun):** foreign currency, kept in a country’s central bank

Ask students to read the first paragraph about financial crises.

Ask them if they know anything about 1929 and what happened in that year:

*1929 was the year of the Wall Street Crash and the (officially recognized) start of the Great Depression.*

Ask students if they know about the most recent financial crisis, how and when it started, and whether it affects Myanmar. Write any guesses/answers on the board.

Ask students to read the texts. They should write down any words that they don’t know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

Put students in pairs and ask them to answer the questions on the next page.

## 19. Financial crises (cont'd)

### Pairwork

**a. Why might lots of people want to take all of their money out of a bank quickly?**

*Answer: Because they think that the bank may not have enough money to pay the money they have saved in the bank.*

**b. A bubble happens when people think goods have no value, true or false?**

*Answer: False. A bubble happens when people think goods are more valuable than they really are.*

**c. A crash happens because people want to sell assets at the same time and their price drops, true or false?**

*True.*

**d. Why do some governments keep reserves of foreign currencies in their central banks?**

*To buy and sell, so that their own currency keeps the same value as the foreign currency.*

**e. What happens to the value of a currency if investors all try to sell it at the same time?**

*Answer: it decreases in value (because no-one wants to buy it).*

**f. Why might people in some countries want to have dollars instead of their own currency?**

*Answer: Because the dollar is a strong currency / because their own currency is losing value / because their own currency is losing value against the dollar.*

**g. What events or problems in a country might be signs of a wider economic crisis?**

*Answer: bank runs, crashes, currency devaluations, high unemployment, low demand for goods and services*

### Pre-teach:

- **shares (noun):** very small portions of companies. People can buy these shares and, if the company makes a profit, the owner of the share gets some of the profits
- **stock market (noun):** the international marketplace for buying and selling shares
- **high-risk (adj):** unreliable, probably unable to do what they say they will do
- **foreclosure (noun):** a time when the bank takes the home of a home owner because they can't pay their mortgage

### Pairwork

2. Ask students to read the text. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself.

Tell students to work in pairs, to read the case studies about major financial crises, and decide what crisis each is an example of.

**a.** *a crash*

**b.** *a wider financial crisis*

**c.** *a currency crisis*

**d.** *a crash*

**e.** *a wider economic crisis*

## 19. Financial crises (cont'd)

### The effects of financial crises

#### Pairwork

1. Ask students to read the text. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself. Tell students to work in pairs and answer the questions about the texts.

**a. In text a, what asset fell during the crisis?**

*Answer: Shares.*

**b. The Great Depression affected only the USA, true or false?**

*Answer: False. It affected countries around the world.*

**c. During the Asian crisis, why did companies have problems paying back the dollar loans they had taken out?**

*Answer: Because their own currencies were worth less than before, so it was more expensive to buy the dollars needed to repay loans.*

**d. Text d talks about a 'bubble in the housing market'. What do you think this is?**

*Answer: a time when the price of houses increases to more than their real value.*

**e. Why did the US subprime mortgage crisis create problems in other countries?**

*Answer: Because US banks sold the mortgages on to other banks. When the owners couldn't pay, the foreign banks lost money.*

## 19. Financial crises (cont'd)

### Pairwork

1. Ask students to read the text. They should write down any words that they don't know. Elicit these words in turn. Ask if they can guess the meaning. If not, give them a dictionary to look it up and tell the class, or tell them yourself. Tell students to work in pairs and answer the questions about the texts.

**a. Who suffers the most in financial crises?**

*Answer: the poorer members of society, because they have no savings, often they have debt and they risk losing their homes. Also, poorer people are usually connected with jobs in factories or tourism. These sectors are often hurt by financial crisis.*

**b. What are the advantages and disadvantages of bailouts?**

*Answer:*

*Advantages - they stop banks going bankrupt, and this allows them to keep lending money to individuals, business and government. Also banking is a very important part of international trade. Disadvantages - this causes anger among poorer people. They see it as unfair and unjust. Also, banks may feel no need to change their ways and behave better, as they know that governments will always bail them out.*

**c. Why are financial crises worse now than in the past?**

*Answer: Crises are worse now than in the past because the world is more connected, through globalised trade and banking. People buy and sell shares, mortgages and all other kinds of financial services, as well as goods, internationally, more than at any time in the past. This means that a financial problem in one country could affect one or many other countries around the world.*

### Groupwork

2. Read the sentences below and decide which type of financial crisis may affect the people involved, and how.

**a. Gilly and Clive own a shoe shop in England. They own a small house. They want to sell the house and buy a house in Spain. The shop doesn't make much money but they save money each month.**

*Possible answers: There could be a crash in the housing market and they may be unable to sell the house for a good price; There may be a recession, depression or wider crisis. If there is, their small shop may go bankrupt or lose money; If there is a banking crisis, they may lose their savings if their bank doesn't have enough money to give them to them; If the British pound devalues against the Euro, the house they want may be too expensive to buy.*

**b. Maung Maung Aye opened a hotel in Mandalay one year ago. He lost money for the first year, but he hopes to make money in the second year.**

*Possible answer: If there is a crisis in foreign countries, tourists might stop coming to Myanmar, or choose to stay in cheaper hotels. If Maung Maung loses more money, he may go bankrupt.*

**c. Daw Yi Yi is 48. She sells DVDs in the downtown of Yangon. She makes enough money to live, but no more. Her daughter works in Thailand, in a clothes factory. She sends money back to her mother each month.**

*Possible answer: If there is an economic crisis in Myanmar, people may decide to buy fewer DVDs than before, and she will lose money; If there is a currency crisis, the money her daughter sends may become worth less money than before; If there is a wider economic crisis in Thailand or in other countries, her daughter may lose her job because of a drop in demand or because the Thais decide to give jobs to Thai people instead of migrant workers.*

# Review

## **1. Draw an economic map for a good of your choice, showing production, distribution and consumption.**

Students must show the different parts of production (land, labour, capital and enterprise) as well as distribution and consumption.

Maps will vary, depending on the choice of each student.

## **2. True or false?**

### **a. Economics is about the things that people need and want.**

*Answer: True.*

### **b. Scarcity is when there is too much of a particular resource, good or service.**

*Answer: False. Scarcity is when there is not enough of a resource, good or service.*

### **c. There are three parts of production: Capital, Labour and Enterprise.**

*Answer: False. There are four parts: Land, Labour, Capital and Enterprise.*

### **d. GDP per person measures life expectancy, literacy and standard of living.**

*Answer: False. The Human Development Index measures those things. GDP only measures the average value of goods and services produced in a country per person.*

### **e. In proportional taxation, everyone pays the same percentage of the money they earn.**

*Answer: True.*

### **f. Hyperinflation is when prices fall very fast.**

*Answer: False. Hyperinflation is when prices rise very fast.*

### **g. In free trade, countries use many import tariffs and subsidies.**

*Answer: False. In free trade, countries don't use many import tariffs and subsidies*

### **h. Economic globalisation means the unification of world economies.**

*Answer: True*

## **3. Fill in the blanks with some of the key words in the box below.**

*a. Demand is the number of people that want goods and services, and the amount that they want. Supply is the amount of goods available.*

*b. A labour union is when a group of workers get together to obtain, improve and protect their labour rights and working conditions.*

*c. A trade deficit is when a country imports a lot more than it exports.*

*d. In barter, goods are exchanged directly. Money is not used.*

*e. Capital is the money and tools needed for production.*

## **4. Write an essay of about 200 words. You can choose one of these titles:**

### **a. Oil is the world's most important commodity.**

### **b. Money is better than barter.**

### **c. Globalisation is bad for poor countries.**

### **d. Free trade is the solution to poverty**

### **e. Financial crises are caused by governments**

Students will have very different ideas about this. You could start with a group discussion first, about the different topics, and allow students to develop their ideas further before asking them to write an essay.

# Basic Economics

## Teacher's Book

Basic Economics is an introduction to the main concepts and issues in economics, written specially for Myanmar adults. The course takes a global perspective but provides examples and case studies which will be familiar and interesting for Myanmar learners. Topics include:

- Supply and demand
- Inflation
- Employment
- Economic systems and institutions
- Trade blocs
- Globalisation of trade and finance
- Financial crises.

The course includes a Student's Book and a Teacher's Book. It is designed for classroom use but can be adapted for self-study.

The Student's Book is mostly written in intermediate English, and technical terms are fully explained. A Myanmar translation is also available.



**Website:** [www.thabyay.org](http://www.thabyay.org)

**Email:** [educasia@thabyay.org](mailto:educasia@thabyay.org)

[info@curriculumproject.org](mailto:info@curriculumproject.org)

