🔖 **Chapter 23 Project**

The International Trade and Capital Flows

Purpose

In this chapter, you have learned how to measure a merchandise trade balance and current account balance for a nation. You have also reviewed the pros and cons of a trade deficit and a trade surplus while learning the distinction between the level of trade and the balance of trade.

The purpose of this project is to practice calculating a current account balance between trading partners and to research information provided by the United States Census Bureau related to U.S. trade.

Directions

This project has three parts. In the first, you will examine trade between two households and apply balance of trade calculations to determine the current account balance for one household.

In the second, you will investigate misconceptions related to the dangers of a trade deficit, explaining some pros of a trade deficit.

In the third, you will research data related to the trade of specific states and trade between the United States and its largest trading partners.

Part 1 - Calculating a Current Account Balance

The Johnsons and the Normans are neighbors and often engage in trade. Last month, Tyrone Norman cut the Johnsons' grass and provided other landscaping services, earning $200. Melinda Johnson provided a therapeutic massage to both Ronelle and Earl Norman, earning $130. Chris Johnson sold Earl Norman a set of custom-made family monogramed cornhole boards for $250. Ronelle Norman sold Melinda Johnson her low-carb diet cookbook for $20. Kasey Johnson sent $20 in a "Congratulations" card to Tyrone Norman for graduating from high school. Chris Johnson paid $75 to Earl Norman as an interest payment on Earl's investment in the rental condo that Chris Johnson built on the Johnson property.

Calculate the current account balance for the Normans by completing the following chart:

Price	Exports (in $)	Imports (in $)	Balance
Goods			
Services			
Income payments			
Unilateral transfers			
Current account balance			

Part 2 - Assessing the Public Perception Associated with Trade Deficits

It is a common myth that eliminating the trade deficit should be a priority for the United States. To validate that this is an economic misconception, please poll at least ten people. Try to survey classmates outside of economics class or even friends and family. To quickly share and manage your survey, you can use Poll Maker (hawkes.biz/PollMaker) or a similar free survey management application. Share your survey link with others via text, email, or social media.

Present the following question in your poll:

Should the United States government prioritize eliminating the U.S. trade deficit?

Yes or No

Summarize and share your survey results with your instructor, explaining two important reasons why opposition to a trade deficit can involve flawed economic logic.

Part 3 - Using International Trade Data from the United States Census Bureau

Use this webpage (hawkes.biz/USTradeData) to, research trade data from the U.S. Census Bureau.

1. Determine the top two most exported commodities from the following states:

    - Alaska

    - Nevada

    - New York

    - South Carolina

    - Texas

2. What is the most imported commodity of your home state? Be sure to include your home state and the commodity.

Use this webpage (hawkes.biz/ForeignTrade) to explore data from the U.S. Census Bureau. In order to find the most accurate and recent data, select a nation's name to view the trade figures for each month. Use the data provided to answer the following questions.

3. Provide two nations that the United States had a trade surplus with during the most recent month. Be sure to provide the nation, month, and balance of trade.

4. Determine the largest three trading partners for the United States in the most recent month. Starting with the largest, provide the percentage of total U.S. trade represented by each nation.

The U.S. Census Bureau uses end-use codes to classify exported and imported merchandise based on the principal use of the good or service. This webpage (hawkes.biz/ExportsUS) lists the values of U.S. exports to other countries.

5. For each of the largest trading partners you listed in Question 4, list the top two exports from the U.S. For each export, list the end-use code and the value (in thousands of dollars). Be sure to use the data from the most recent year listed.

This webpage (hawkes.biz/ImportsUS) lists the values of U.S. imports from other countries.

6. For each of the largest trading partners you listed in Question 4, list the top two imports to the U.S. For each import, list the end-use code and the value (in thousands of dollars). Be sure to use the data from the most recent year listed.

Now, visit this webpage (hawkes.biz/USTrade).

7. For each of the largest trading partners you listed in Question 4, list the balance of trade (in millions of dollars). Be sure to use the data from the most recent year listed.

8. During the research you just conducted, did any data surprise you? Were any of your findings consistent with your expectations related to U.S. trade?

☑ Checklist

Part 1
- ☐ Calculate the current account balance in a fictional scenario.

Part 2
- ☐ Create a trade deficit poll and survey.
- ☐ Summarize survey results.
- ☐ Understand public opposition to a U.S. trade deficit.

Part 3
- ☐ Research top exports from states.
- ☐ Identify most imported commodity of home state.
- ☐ Identify nations with trade surpluses.
- ☐ Determine largest trading partners with U.S.
- ☐ Research top imports/exports for U.S.
- ☐ Provide the balance of trade for U.S.
- ☐ Reflect on findings.