

## **Unit 4: Fair Trading**

Fair trade occurs when everyone involved in producing the raw materials, manufacturing the secondary product and selling the product gets a fair share of the profits.

Sadly, fair trade does not happen often. Some people are greedy and get a bigger share of the profits than they should, while others earn so little they struggle to survive. This is unfair trade and is the main reason for the gap between the rich and poor countries in the world.

### **1. Unfair trade**

Manufactured goods sell at higher prices than raw materials. The price of the raw materials is controlled (decided upon) by international companies, the buyers, and not the sellers. This keeps the price of raw materials low, so countries selling raw materials remain poor.

Poor countries do not have money to buy manufactured products, like machines, to enable them to process their own raw materials into manufactured products. People are unable to earn enough money and improve their lives, despite working long hours in poor working conditions. We say the workers are exploited.

When poor countries get low prices for their raw materials, it causes other problems. [Study these problems](#) on p 41 in PSS.

### **2. Fair trade**

Fair trade occurs when countries agree to buy goods at fair prices from companies that pay workers fairly and treat them well. The workers are able to earn enough money to live and improve their lives. Study what happens when trade is fair on p 43 in PSS.

### **Activities**

1. Compare unfair and fair trade by completing the table below.

	<b>Unfair Trade</b>	<b>Fair Trade</b>
<b>Price of raw materials</b>		
<b>Workers' wages</b>		
<b>Working conditions</b>		
<b>Children</b>		
<b>Control over wages</b>		
<b>Education and health care</b>		
<b>Skills Training</b>		

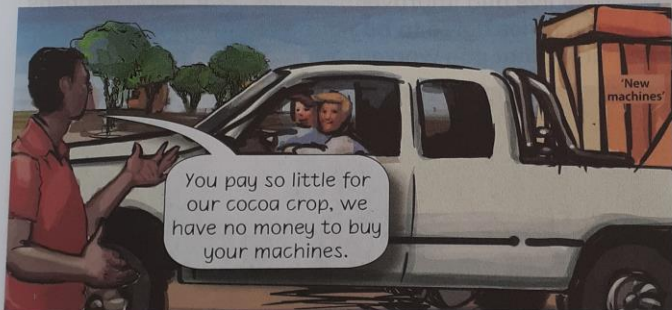
2. Complete activities 9 (p 42) and 10 (p43) in PSS.

## Concepts of 'unfair trade' and 'fair trade'

### Unfair trade

We know that manufactured goods sell at higher prices than raw materials. People in countries that sell raw materials say that the price of raw materials is decided by the buyers and not by the sellers. This means that the prices of raw materials are low. Getting low prices for raw materials keeps these countries poor.

Poor countries do not have money to buy manufactured products, like machines, that could help them to process their own raw materials into manufactured products.



### What happens when trade is unfair?

When poor countries get low prices for their raw materials, this causes other problems. Here are some of the problems:

- Farmers and mine workers get low wages.
- Sometimes children are forced to work.
- Poor people do not have enough money to pay for services such as education and health care.
- People do not develop skills.
- The governments of poor countries cannot provide services and **skills training** because they do not collect enough money in taxes.

### New word

- **skills training** – learning how to do difficult jobs

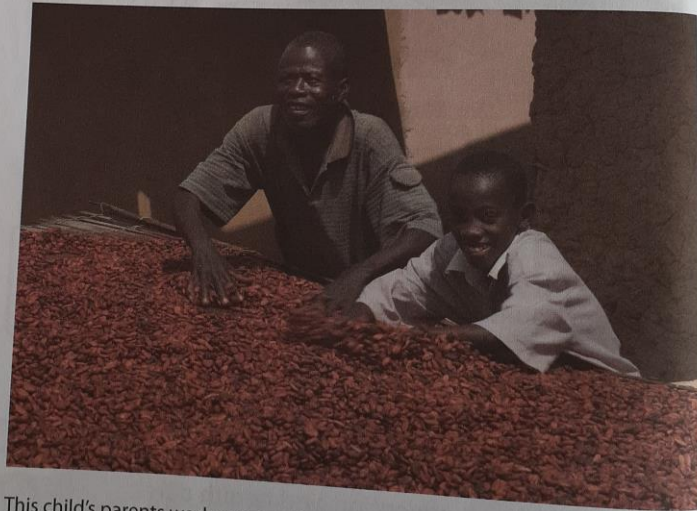
### ACTIVITY 9 Match points to a drawing

Look at the drawing on page 41.

1. Name the products the people in the car are selling.
2. What is the person speaking selling?
3. Copy and complete this sentence: The farmers cannot buy new machines because \_\_\_\_\_.
4. Read the bulleted points on page 41. Choose three points that you think fit with the drawing. Write these points in your books.
5. Why is it difficult for the farmers shown in the drawing to get a good education and to learn skills? Look for answers in the list on page 41.

### Fair trade

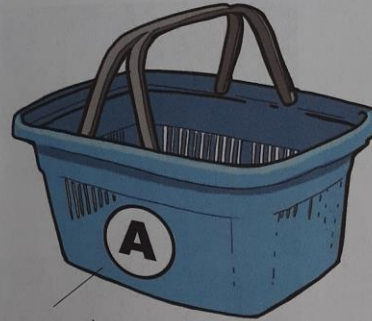
When trade is fair people are able to earn enough money to live and improve their lives. Fair trade happens when countries agree to buy goods at fair prices from companies that pay workers fairly and treat them well.



This child's parents work on a small cocoa farm in Ghana. The workers got together to sell their cocoa beans to a company in Belgium. The buyers and the sellers agreed on a fair price for the cocoa beans. The company in Belgium gave the workers money to build a school and a small dam. Fair trade helped the children to go to school and their village to get clean and safe water.

### What happens when trade is fair?

- Traders pay a fair price for crops.
- Workers are paid fair wages.
- No children are allowed to work. They go to school.
- Traders make sure that some money goes towards health care and education.
- Working conditions are safe and healthy.
- Workers form companies so that they have more control over prices and wages.



Unfair trade  
Low wages



Fair trade  
Safe working conditions

### ACTIVITY 10 Draw and label a diagram

Draw two baskets like the ones above.

1. Add two extra points to each basket that tell you which basket shows fair trade and which one shows unfair trade. Write the points on your drawings.
2. Draw and label some products that you think belong in each basket.
3. Choose two points from the list above that explains how fair trading helped the child in the photograph on page 42.



Unit 4:

Activities

1. Compare unfair and fair trade by completing the table below.

	<b>Unfair Trade</b>	<b>Fair Trade</b>
<b>Price of raw materials</b>	Low prices	Fair prices
<b>Workers' wages</b>	Low wages	Fair wages
<b>Working conditions</b>	Often unhealthy and unsafe	Safe and healthy
<b>Children</b>	Forced to work	Not allowed to work. Go to school.
<b>Control over wages</b>	buyers	Buyers and sellers
<b>Education and health care</b>	Not enough money to pay for these services	Some money for these services
<b>Skills Training</b>	Do not develop skills	Develop skills

**Answers**

1. African farmers are selling cocoa. European businessman is selling machines.
2. The farmers cannot buy new machines because they do not earn enough money from the sale of their cocoa.
3. Learners write any of the following in their books:
  - farmers get low wages
  - poor people do not have enough money to pay for services
  - people do not develop skills
  - the governments of poor countries cannot provide services and skills training because they do not collect enough money in taxes
  - farmers get low wages
  - children are forced to work
  - poor people do not have enough money to pay for service such as education

4. They are poorly paid. As children, they were forced to work. The government does not have money to provide services and skills training.

**ACTIVITY 10: DRAW AND LABEL A DIAGRAM****Answers**

1. Learners copy the sketch of the two baskets in the Learner's Book.
2. Unfair trade (any two):
  - poor prices
  - poor wages
  - children working in the fields
  - unsafe and unhealthy working conditions
  - workers on their own are exploited.
 Fair trade (any two):
  - good prices
  - good wages
  - children in schools
  - safe and healthy working conditions
  - workers form companies to control prices and conditions.
3. Learners draw and label products for each basket, for example: Free Trade Coffee Company (on a coffee tin); Exclusive Chocolates (on an expensive looking slab of chocolate).
4. He went to school. He was were given good healthcare.