

World Trade Game



Introduction

The aim of this game is to help the participants understand how trade influences the development of a country and to create interest and discussion about the world trading system in an enjoyable and non-academic way.

The earth is divided into two parts: The economically rich north (industrialised countries as the US, Japan and Europe) and the poorer Global South (meaning Africa, Latin America and parts of Asia). There are many ways of explaining the differences between North and South but one thing is clear. The gap between rich and poor is becoming bigger partly because of the world trading system we have today which makes the North richer at the cost of the South.

The game will try to show, through the production of different paper products, how the world trade works. How do countries interact? Who are the winners? Who are the losers?

Who can play?

The game can be played by anyone preferably over the age of 14. The number of participants should be between 15 and 30, if the group is bigger than that you can run two games at the same time. The rules are simple and the knowledge you need to play is elementary.

Time and place

- You need at least forty-five minutes for the game including the discussion afterwards. The game can be used alone or as a part of a longer educational program.
- You need a room big enough for 6 groups with around 4-6 participants in each group.
- Each group needs a chair for each participant and one table.
- There should also be space to move around between the groups.
- Preferably divide the 6 groups into the 3 different categories (see below) so that there are two groups in each category.
- If you use less than 6 groups make sure that the balance between 'technology' and 'raw material' stays the same.
- The game organisers need a table, a blackboard, and some spare pens, papers, and 'money'.

Equipment

For 30 participants you need:

- 30 sheets of A4 paper in the same colour
- 30 '100 \$ notes'
- 2 sheets of coloured paper
- 2 tubes of glue
- 2 pairs of compasses
- 4 pairs of scissors
- 6 rulers
- 2 triangles
- 14 pencils/ pens

Group Categories country suggestions	Number of Participant	Distributed Resources
Category A USA EU	4 4	Resource set A: 2 pairs of scissors 2 rulers 3 markers 2 compasses 1 triangles 1 sheet of paper 6 '100 \$ notes' 4 pencils
Category B India Brasil	5 5	Resource set B: 10 sheets of paper 1 sheet of coloured paper 1 tube of glue 2 '100 \$ notes'
Category C Mozambique Tanzania	6 6	Resource set C: 4 sheets of paper 2 pencils

Ready to Play?

All participants must be able to see the models of the products they are producing (see below). Draw the models on the black board or on big sheets of paper.

The game needs three organisers:

Two bureaucrats in the World Bank. The bank's job is to quality check the products and write down all the deposits in the different bank accounts as well as adding 10% interest every 5 minutes.

The game's facilitator - UN. The facilitator's role is to lead the game, observe how things develop and sometimes change the development of the game by introducing new elements. Because the facilitator is also supposed to lead the discussion afterwards it might be helpful to write down everything that happens; comments, happenings etc.

The Rules

- All products must have clean, sharp ends, be cut by a pair of scissors, and have the exact size.
- You can only use the materials that have been given out.
- When you have produced 5 examples of one product you can present this to the Bank. If the quality is good enough the amount of money your products are worth will be written down in your bank account.
- Every 5 minutes the Bank will add 10% interest to the amount of money already in your account.
- You are not allowed to use physical force or violence.
- The facilitator, who represents the UN, will mediate in case of disputes between countries.
- The end result only includes what is already in your bank account when the game ends.

Instructions for the facilitator

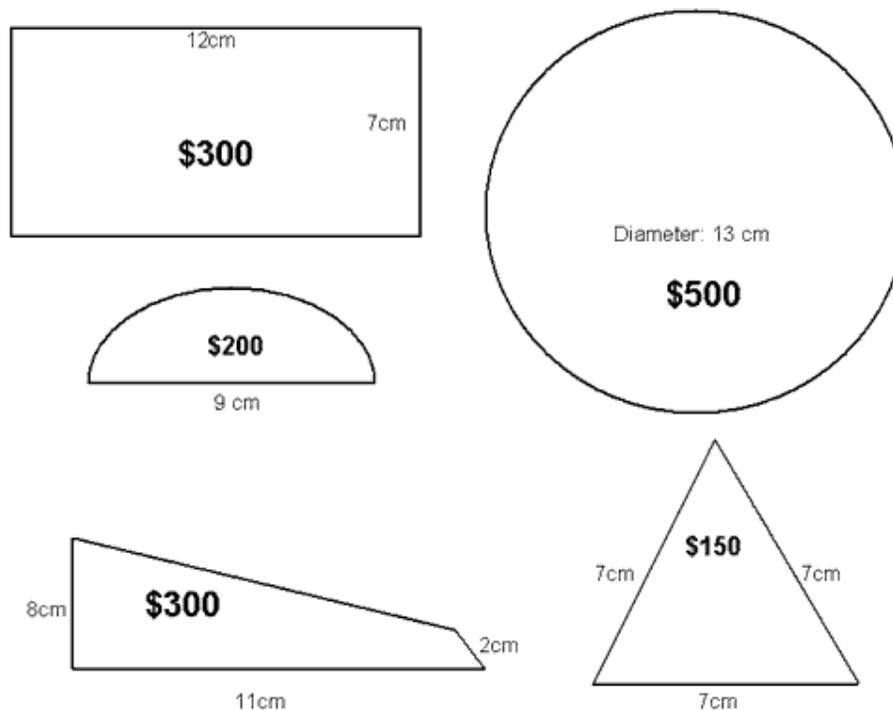
Explain the aim and rules thoroughly. Answer questions but make it clear that you will not answer any questions when the game starts.

Divide participants into 6 groups and give them their countries' resources.

In the beginning there will be confusion and you'll get a lot of questions; "Why don't we have any markers?", "What is the coloured paper for?" Remember not to answer any questions. Make sure all the initiative come from the participants and not from you.

The production and trading may last for 30-60 minutes, all depends on how interested the groups are, their activity and initiatives.

What to produce?



Above are the 5 different products the groups can produce. When you have produced for example five triangles you go to the bank for quality check and if they are good enough you will get $\$150 \times 5 = \750 into your account.

For the Facilitator (important points during and after the game):

Notice everything that happens

The category "A" countries will probably start producing goods at once but they will run out raw material (paper) quite soon. Then they will have to try and get hold of more paper from the other groups. Because you are the only one that can see how the game really develops it is important that you notice how alliances and trade conditions change throughout the game. Use your observations in the discussion after the game. Take notes.

Stimulate activity

Sometimes the facilitators have to give additional information and try to create new situations. Some of the information can be given to the whole group while some information will be given secretly to some countries. **Remember to inform the bank about all the changes you make.** Not all the elements below need to be implemented in the game. You have to see how the game develops and how much stimulation is needed. Some examples:

- *Price-changes on the global market*
After a while you can change the price of some products. That way the rich countries for example will find out that their compasses are not as useful as they used to be. From this you can draw parallels to the real world: When a country finds out that their technology is getting out of date they usually sell it to poorer, less developed countries. The prices can also drop if there is an overproduction of one product on the market. (Like oil prices in the mid 80's/ supply and demand)
- *The coloured paper*
Two of the groups have a coloured paper and some glue. They have no idea what to use it for. This represents an unknown natural resource. You can make it known for two other groups, e.g.: If you stick a little piece of the coloured paper on to your normal products the price of those products will increase 4 times.
These two countries will then start searching for the coloured paper and the glue. Because the country that owns it doesn't know the value of it they might sell it really cheap. (Like Zambia sold the rights to exploit and export copper to Rhodes in the late 19th century.) Or they get suspicious and won't sell it.
- *Development assistance*
You might want to inspire a country or two by giving them some economic assistance from the UN, with conditionalities attached: 1/3 of what they produce with UN support must be paid back to the UN. You can also support a country with technology (e.g. a pair of scissors). If you decide to support a country or one of the rich countries start supporting a poorer country, this can be used later to discuss the motives behind development assistance.
- *Import taxes*
A group of countries can make restrictions on trade with other countries to protect their own interests, e.g. the EU have higher import taxes on treated goods than raw materials. A couple of years ago the import tax on fresh pineapples was 9%, on tinned pineapple the tax rate was 32% while tax on pineapple-juice was 42%. This way the EU make sure that the Third World countries keep on producing and exporting primary goods.

Other options

- *Trade restrictions and sanctions*
Both you and the different countries can set up either multi- or bilateral trading restrictions or sanctions. Examples from the real world: South Africa, Iraq, Cuba etc.

- *Raw materials*
You can for example give a bunch of papers to one country and then announce for "the whole world" that a new source of raw material has now been found in this country.

Facilitation

- Step 1: Read instructions carefully and ensure all the materials are present
- Step 2: Divide the groups carefully, so that group A has more people than groups B and C who in turn have more people than group D, e.g. with 16 people in total, 5 in group A, 4 in groups B and C, 3 in group D. Ask if anyone has played the game before. Put them in group A.
- Step 3: Read out the objectives of the game and the rules, but only once. If the participants have further questions, tough! Stick the rules on the wall.
- Step 4: Play the game. Give them at least 15 minutes at the beginning to begin work, before introducing new information to the game. Remember to keep a mental note of what is happening during the game. Halfway through the playing time, give them a reminder to bring their shapes to the bank.
- Step 5: At the end of the game, ask the banker to announce the winning team. Pray that its group A! (Occasionally you get a challenged A group and it is up to you to rig the rules in their favour).
- Step 6: With the participants remaining in their groups, ask them what happened during the game - in the beginning, in the middle and at the end. How did they feel? Begin with the D group. Finally ask what countries the groups might represent.
- Step 7: Explain that the game is now over. Participants should stand up, move around and end up sitting with people outside their group.
- Step 8: Ask the participants to make connections between what happened in the game and what goes on in real world. For example, if there was conflict between groups during the game, you could ask if trade ever leads to conflict in the real world. If possible, back it up with an example. If some groups perceive that the bank gave preferential treatment to certain groups, ask if this happens.
- Step 9: Finish off with a discussion about the relative merits of aid and trade for eliminating poverty. You could mention the Oxfam Ireland campaign 'Make Trade Fair' about the double standards and rigged rules in world trade. Tradematters Coalition

Ideas for discussion

Fair trade

Some of the participants will probably get accused of cheating. That gives you the perfect chance to discuss moral issues and ethics in international business.

"It's not fair!"

Hopefully the participants will point out this fact quite early. After the game it is important to use this statement and together try to find out:

- **What was not fair about the game?** - draw out of this discussion who is making the rules of the world trading system and why do they have this power? Discuss the ways that rich countries became rich; protecting their infant industries, colonization, slavery etc. And look at how they remain rich - system of exploitation with the rules rigged in their favour.
- **What does the game tell us about the real world?** - the workings of the World Bank, the relationship between the UN, the World Bank, and rich countries.
- **How does it feel to be rich?** - rich countries benefit from the world trade system (exploitation/capitalism) and at the same time offer aid to 'develop' poor countries, but also rich countries attach conditions to this aid.
- **How does it feel to be poor?**
- **Why is it so difficult to change an unfair system?** - voting system of the World Bank, WTO
- **Who owns the world's natural resources?** - patents, developed countries having control over turning natural resources into finished products (subsidies and barriers),
- **Who owns the world's technology?**

Try to move the discussion from describing how the world is today to how the participants would like the world to be. Try also to make them discuss the moral responsibility that goes with wealth.

Notes post-Trading Game

- More than a half of the hundred largest economies in the world are corporations.
- Just 500 multinational corporations control 70% of global trade.
- The top 100 corporations account for one third of the total foreign direct investment.
 - While rich countries keep their markets closed, poor countries have been pressurised by the International Monetary Fund and the World Bank to open their markets at breakneck speed, often with damaging consequences for poor communities.
 - The international community has failed to address the problem of low and unstable commodity prices, which consign millions of people to poverty. Coffee prices, for example, have fallen by 70 per cent since 1997, costing exporters in developing countries \$8bn in lost foreign-exchange earnings.
 - Powerful transnational companies (TNCs) have been left free to engage in investment and employment practices which contribute to poverty and insecurity, constrained only by weak voluntary guidelines. In many countries, export-led success is built on the exploitation of women and girls.

- Many of the rules of the World Trade Organisation (WTO) on intellectual property, investment, and services protect the interests of rich countries and powerful TNCs, while imposing huge costs on developing countries. This bias raises fundamental questions about the legitimacy of the WTO.