

Grade 6 Geography Term 2

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Why people trade

Trading has taken place since the earliest of times. People **trade** for many reasons. The simplest way for a person to get things that he/she does not have is by trading with things they do have. For example, if you had two pencils and your friend had two sharpeners you could swop one pencil for one sharpener. At the end of the trade, you and your friend both have what you need.



A market in the early Middle East.

Vocabulary

Trade: the act of exchanging, buying and selling something.

Exchange: to give something and get something in return.

Barter: to trade or exchange without the use of money. It is swapping things.

Trade as an exchange of goods

Early trade was quite simple. It was an **exchange** of goods. In the example above, you saw that if you had lots of one thing, you could offer some to another person who has what you want. Trade like this is often called **barter**. This type of trade happened before people used money.

Buying and selling of goods for money

Bartering does not always work effectively. Often, people could not agree on what a product was worth or they did not want what the other person had. To solve this problem, people began to use money. Around 5000 BCE, metal objects were introduced as money. They used metal because it was the easiest to get hold of, it was easy to work with and it

could be recycled. The coins were given a certain value so this meant it was easier to compare the cost of items people wanted. Very soon, most trade involved the buying and selling of goods for money. People would try to buy goods for less than they would sell them. This meant buying goods from a place where there were lots of that particular item and then transporting them to a place where there were not that many.



Salt being transported across the Sahara desert. Salt was often used as 'money'

Vocabulary

Imports: when goods are brought in from another country.

Exports: when goods are sent to another country to sell.

Petroleum products: these are things that made from petroleum (petrol), which comes from oil.

Exports and imports between South Africa and the world

Trade does not only happen between people, it also happens between countries and businesses in countries. If goods are sent out of a country to another country to sell, they are called **exports**. If goods are brought in from other countries, they are called **imports**. The main **exports** in South Africa are diamonds, platinum, gold, other metals and minerals, as well as machinery and equipment. South Africa's main imports are chemicals, oil and other petroleum products, scientific instruments, food and different types of machinery and equipment. South Africa and South African businesses trade with many different countries and businesses in the world.

What people trade

People trade goods or items and services.

Trading goods

Goods that are used for trading can be divided into 2 types:

- Raw materials that are called **Primary products**.
- Manufactured goods that are called **Secondary products**.

Vocabulary

Manufacturing: to make things in large quantities, often with the help of machines.

Economy: a system of making and spending money and producing goods and services within a country.

Profit: the amount of money that is made by a business that is more than the amount that they put in at the beginning.

Re-invest: when you put profit back into the business or company that generated the profit.

Infrastructure: the facilities and equipment in a country that are necessary for it to run properly

Raw materials (primary products)

Raw materials are materials that are taken from the land or the ocean. They are called 'raw' because they are still in their natural state. They have not been changed in any way through **manufacturing**, cooking or any other way. Raw materials come from agriculture and farming, mining, forestry and fisheries. Raw materials can be sold in their natural state or they can be used and changed by manufacturing in order to produce a product.



South Africa exports about 75% of primary products. In other words 75% of what South Africa exports to other countries in its natural state.



Truck transporting logs



Coal mining

Fishing



Grain harvesting



Manufactured goods (secondary products)

Manufactured goods are things that are made from raw materials. These items can be sold to people in the country where they are made or they can be exported to other countries.

Manufacturing helps countries to develop, as it is important for a country's **economy**. Some reasons for this are:

- Manufacturers need people to assist in the making of the products, so it provides jobs. People who have jobs can spend their money in the country and can also pay taxes.
- Manufacturers also make **profits** that they can spend in the country or they can **re-invest** in their businesses.

Some reasons why countries send manufactured goods to other countries are:

- It is quick and easy to transport a large amount of manufactured goods around the world.
- Not all countries have what they need, i.e. raw materials or skills to make the product.
- Some countries have many people who are willing to work for a small amount of money, just because they need the work so badly. Big businesses from other countries take advantage of this and use this cheap labour to produce goods.

Today you will find that many things are made in China and other countries in Asia. The reason for this is that people are paid less for work in these countries. They also have a good **infrastructure** for manufacturing. **Infrastructure** refers to things like roads and railway lines.



Workers on an assembly line, in China

Buy South African!



Proudly South African is a 'buy local' campaign started in 2001 by the South

Skills and Services

Besides trading goods, skills and services can also be traded. For example, if you go to a private dentist then you have to pay to see him or her. You are paying for the dentist's skill. The dentist had to study for several years to have that skill! If you go to a state clinic you may not have to pay, but the government is paying the dentist for that skill.



Universities are some of the places where people learn or develop skills

Most skilled people go through training and education. If a skill is difficult to learn then the person can usually charge more for that skill.

Services are different. People offer services that someone will pay for. For example, your parents may pay someone to take care of the garden for them, as they do not know much

about plants. That person may be a skilled adult or someone who is good at looking after plants. They receive money for doing a service.

Resources and their value

Resources are things that are used to make things to benefit people. A natural resource is anything that is taken from the environment by people because it is needed or wanted. The land and the sea include all natural resources.

Some resources are very valuable. For example, gold is a resource that we know is very expensive. The reason for this is that there is not a lot of it in the world and it is expensive to mine. It is also a non-renewable resource.

Most other resources are cheaper because there is a lot of it or it is renewable, for example potatoes. Potatoes are fairly easy to grow and they can be produced in large numbers. People are another very important resource as they provide labour. Labour is the work that humans do to make products. People receive money for labour.

Resources are traded all over the world. They are often bought by more developed countries that have the ability to convert these resources are used to make manufactured goods.



A copper mine. Copper is a valuable resource.

The value of selected raw materials and manufactured goods

Raw materials are normally much lower in value than manufactured products. This is due to the fact that the cost of raw materials is only a small part of the cost of most manufactured goods.

For example, if you have to collect firewood it is quick and easy. The person who collects it could carry it to where he or she wants to sell it. However, if you have to cut down a log

to make a cupboard then there are costs involved. Costs are things like labour, transport, the cost of cutting and processing the wood and even packaging.

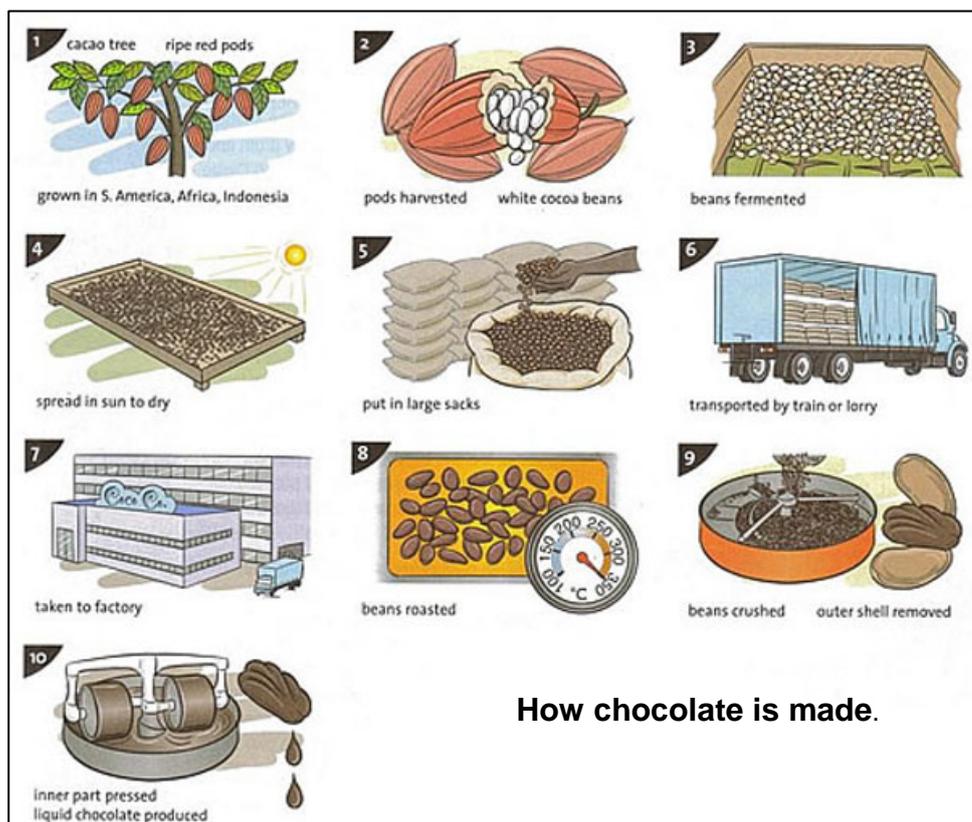
Another example is the cost of making a car. About 15% of the car's price comes from the costs of the raw materials. Different people, skills and services are also involved.



How chocolate is manufactured?

What is your favourite kind of chocolate? Have you ever thought about what goes into making a bar of chocolate?

Chocolate is made from the beans of the cocoa tree. The cocoa beans are contained in a pod that grows on the branches of the cocoa tree. When the pods are ripe, the pod splits open and the cocoa seeds are then removed. The cocoa beans are then covered with banana leaves for a week until the beans develop a chocolate taste. The cocoa beans are then shipped to the factory.



How chocolate is made.

Activity 1

The steps for making chocolate have been mixed up. Write them in the correct order, using the chocolate making process illustration to help you. Write the letter and the description.

A. The cacao beans are roasted.

B. The cacao beans are packed.

C. The cacao beans are transported by truck.

D. The cacao beans are sun dried.

E. The cacao beans crushed are to remove the outer shell.

F. Cacao tree fruit pods turn red when they are ripe.

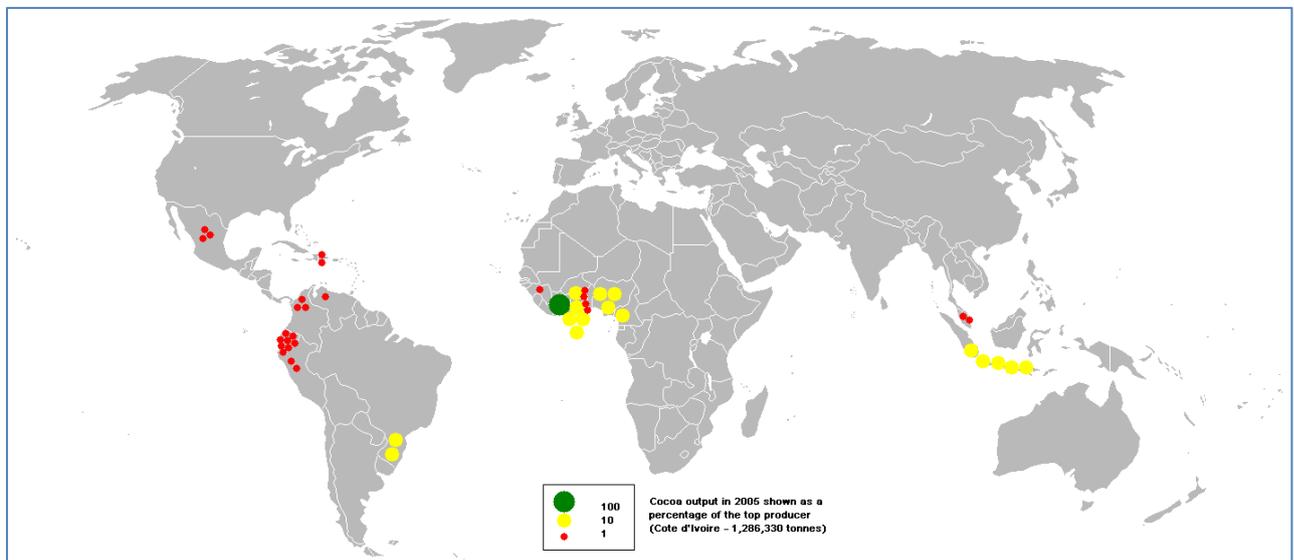
G. Ripe pods are picked and the white cocoa beans removed.

H. The cacao beans arrive at the factory.

I. The cacao beans are fermented.

J. The soft inside of the cacao beans is pressed and liquid chocolate is then produced.

Chocolate is made up of primary products from all over the world. Usually the primary products are grown in poorer countries, and then the chocolate is manufactured and sold in wealthier countries.



Robusta

Mixed

Arabica

Map of the world showing where the different types of cocoa beans are

The Value of Gold

Gold is not a very functional metal, like tin or iron, because it is too soft to make anything practical and useful. Gold has great value for a number of reasons.

- It is soft so it can be shaped easily into coins or jewellery.
- It is difficult to mine, so it is more valuable than other metals that are easy to mine.
- Gold is long lasting and does not rust. It cannot be destroyed easily or worn down, so it keeps its value.
- Most gold is used to make jewellery, but it is also used in manufactured electrical goods, like computers.
- Most gold is mined deep underground.



From gold to jewellery

Gold is an extremely valuable mineral. It is very important to South Africa's economy. A large amount of the world's gold comes from hard rock mining. This is where ore is recovered from deep within the earth, where workers chip away at the rock and collect rock that contains gold. The rock is then crushed and the gold is separated with the use of chemicals.

Different techniques are used to extract the gold from the rock. The two most common methods are cyanide extraction and mercury extraction.

Extraction technique 1: Cyanide extraction

This method is carried out when the small crushed rock that contains ore is crushed into fine pieces. It is then mixed with a solution of sodium cyanide to remove the gold. Thereafter it is mixed with zinc to separate the metal from the cyanide and sulphuric acid is used to remove the zinc.

Extraction technique 2: Mercury extraction

This process involves removing gold from rock with mercury. The fine pieces of ore – bearing rock are mixed with mercury. The mercury then separates the ore from the gold.

Once the gold is collected, it is then heated to burn off any mercury that could still be on the rocks. This technique is commonly used by small-scale miners.

Making jewellery from gold

Gold is rare. This makes it very valuable. Gold never rusts or gets dirty. It is soft, and can be shaped and hammered without breaking. A very small piece of gold can be hammered into a very thin sheet. Gold is beautiful to look at. It is colourful and shines brightly when polished.

Gold can be used to make jewellery. People who make jewellery are called goldsmiths.

Fair Trade

Trading is not always fair for everyone. The average person living in the USA earns about \$46 500 (R408 400) a year. The average person living in South Africa earns about \$10 000 (R80 000) a year, and the average person in Mozambique takes home about \$900 (R7 200) a year.

Why are there such big differences between how much people earn in different countries? One reason is that earnings depend on what people or countries are able to produce, manufacture and trade.

Vocabulary

***Dominated** – controlled, led*

***Corrupt** – dishonest and crooked*

What we mean by “fair trade”?

World markets where goods are bought and sold are **dominated** by big companies. Fair trade is a worldwide movement that tries to give more say to small producers.

Fair trade attempts to give small-scale farmers, workers and crafters opportunities to sell their goods at a fair price. Small-scale producers should be given access to loans from the bank so that they can expand their business.

Fair trade:

- Does not use child labour
- Pays fair wages

- Provides decent working conditions
- Allows workers to join trade unions
- Encourages protecting the environment
- Discourages the use of poisonous pesticides.

What we mean by “unfair trade”

Unfair trade is when business use dishonest, false or corrupt methods to make money. Unfair trade practices include twisting facts, harsh treatment of workers, poor working and living conditions as well as not allowing workers to join labour unions.

Work and exploitation

People who are poor are often exploited in the trading system. When you are exploited, it means that someone treats you unfairly. Here are some ways in which poor people are exploited in the workplace.

- They are overworked
- They are underpaid for the work they do or the things they sell
- They are treated badly

The organisation FAIRTRADE

Fairtrade is an international organization that helps farm producers in developing countries get better deals in the working and selling of their products. In June 2008, around 7.5 million producers and their families were benefiting from infrastructures, technical assistance and community development projects funded by Fair Trade.



The organization has a number of roles:

- They demand that companies pay better prices, which must never fall below market price.
- They assist farmers by setting up groups that can work together. These groups are called **co-operatives**.
- Companies that sell products in a fair way are allowed to use the Fairtrade logo. This means that people know that they are buying products that have been made without exploiting people.