

Trans-Pacific Partnership Profit and Loss Worksheet

Type of Company	Change in sales	Cost savings	Change in sales plus cost savings
Car company	4%	3%	+7%
Dairy farm	2%	1%	+3%
Soybean farm	-5%	-1%	-6%
Accounting firm	8%	0%	+8%
Pharmaceutical company	-2%	1%	-1%
Retail store	0%	4%	+4%
Total	7%	8%	+15%

These are not real data for real companies, but they are based on the projections from the [U.S. Trade Commission](#) reading and the [Wall Street Journal](#) reading.

Worksheet questions:

- 1) How would you calculate the total costs and benefits of the trade policy for these companies? **Add "change in sales" to "cost savings."**
- 2) Which of these companies is the most affected by the trade deal? **The car company, the accounting firm, and the soybean farm.**
- 3) Which of these companies will oppose the trade deal and which will support it? Which company will dedicate the most resources to lobbying against the deal in Congress? **The car company and the accounting firm will spend a lot of money lobbying to support the deal. The soybean farm will spend a lot of money lobbying to oppose it. Companies that are not very much affected will probably not focus much on lobbying activities.**
- 4) Why does economic theory predict that the overall benefits of trade for a nation will always outweigh the costs? **Trade allows people to specialize in producing things at a lower (opportunity) cost. Producing at a lower cost creates additional benefits that can be used for other things. The final effect is increased wealth for both trading partners.**

