

Lesson 3**Focus Question #3****Why do trade issues cause economic conflict between the U.S. and the EU?**

- Why is Europe's economy diverse?
- To what extent is Germany's standard of living related to its trading patterns?

Background Information

By entering into partnership together, a primary aim of the European Union is to promote democracy, peace, prosperity and a fairer distribution of wealth. After establishing a true frontier-free Europe by eliminating the remaining barriers to trade among themselves, the member states of the European Union have resolved to respond to the major economic and social challenges of the day – to establish a common currency, boost employment and strengthen Europe's role in world affairs.

The United States and the European Union have been arguing over steel tariffs, agricultural subsidies and genetically modified foods, among other issues, for many months. Nonetheless, the trade relationship among the powers is quite strong. Only 1 or 2 percent of the trade between the two powers is affected by these high-profile disputes.

Essential Content ✎

Note: The following words/concepts are essential to an understanding of this lesson. Put the words on your Word Wall and use them in context as you teach the lesson.

- ✎ Purchasing power parity
- ✎ GDP or GNP
- ✎ Per capita GDP or GNP
- ✎ Quality of life
- ✎ Standard of living
- ✎ Cost of living
- ✎ "Market Basket"
- ✎ Exchange rate