

GLOBAL MARKETPLACE

By: Anna R Vanlandingham, Lake Mary High School, Lake Mary, Florida

The international unit is my favorite unit because it most accurately describes our current economy. In teaching the concepts, economics teachers need to remain objective and get the students to evaluate their thoughts and beliefs about international trade. Whether it is a general level class or an advanced placement class, I begin this unit with Activity One attached. I then add the other activities based on the level of the class. To me, the most important part of this unit is creating awareness and understanding of the fact that trade is a voluntary exchange for mutual benefit and those individuals make the choices.

Activity One: Introduction

General Level and Honors Level

Time allowed: One 55-minute class period

Supplies needed: world outline maps, boxes of dry erase Expo markers, a piece of paper, and a writing utensil (I use the packages of multicolor Expo markers; I have discovered that many times the markers in the package were made in different countries.)

Each student needs one piece of paper and a writing utensil on their desk. I ask the following questions:

- How many of you believe we should buy American? (Students raise hands; allow any comments.)

Write your answer on the first line of your paper.

- How many of you believe that international trade leads to Americans losing their jobs? (Students raise hands; allow any comments.)

Write your answer on the second line of your paper.

- On that same piece of paper, I want you to list at least five items you are wearing on your body and where they are made. No removing of clothes please. You have 3 minutes to complete this.
- Look at your list. How many of the items you listed were made in the United States?

Write your answer on your paper.

- Now look at your answers to the first two questions and think about this. If you answer yes to either of the first two questions, were the items that you have on from the United States? Why not? Shouldn't you support your beliefs? Why did you buy these items instead? These are questions just to get students to think. No wrong answers.

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Next, I divide the class into groups. (I usually have groups of four because I have tables in my classroom.)

- Give each group a copy of a world outline map and a package of dry erase Expo markers.
- Each group needs to complete the following by the end of class:
 - Assign each person in the group one of these tasks.
 - Make a list of 10 electronic items in the classroom and where they were made.
 - List each expo marker and where it was made.
- Combine your lists of five that each member of the group made.
- Locate on the map the items and number of items in the correct country
- Turn in before you leave class today.

Advanced Placement Level

I begin the unit with these classes very similarly to how I introduce it to the other classes. Each student needs one piece of paper and a writing utensil on their desk. I ask the following questions:

- How many of you believe we should buy American? (Students raise hands; allow any comments.)

Write your answer on the first line of your paper.

- How many of you believe that international trade leads to Americans losing their jobs? (Students raise hands; allow any comments.)

Write your answer on the second line of your paper.

- On that same piece of paper, in the next 10 minutes you will list as many items in this classroom as you can and where they are made. No removing of clothes please. I usually offer an incentive such as homework pass for the person that has the most items and the person who has the most different countries. I project the timer on the board and they begin.
- Look at your list. How many of the items you listed were made in the United States? Write the number on your paper. Now look at your answers to the first 2 questions and think about this. If you answer yes to either of the first 2 questions, were the items that you have on from the United States? Why not? Shouldn't you support what your belief? Why did you buy these items instead? These are questions just to get students to think. No wrong answers.

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Activity 2: Comparative Advantage and Absolute Advantage

General level and Honors Level

Resources needed:

- Video: "[Return of Mocha](#)"
- Resources for items the students will make. These items could be cookies to put in a bag, ink pens, the poncho, and hut supplies, you decide
- A timer to project on the board (free [online](#)).

I introduce comparative advantage and absolute advantage by using micro examples first.

I refer back to an activity that we did at the beginning of the semester called the Tropical Survival Activity, for which the students had to make one fish, one poncho, and one grass hut to survive using my specifications. You can use any items to illustrate this. I use this activity because I am a firm believer of making the lessons connect to each other. I ask the students the following questions:

- During the activity, what was the problem? (Not enough resources? Scarcity?)
- How could everyone in the class survive? (Specialization and trade.)
- Allow time for various students' comments.

I then bring out the resources and ask for volunteers. You decide. Sometimes I use just four and sometimes I use more. (Important for at least four because of the second half of the activity.) I tell the students that we are going to see how many ponchos and huts they can make in 5 minutes. I project the timer on the board and they begin. Other class members are observing and writing comments about their observations. For example: How could they be faster? Was one student more efficient than another student?

At the end of the activity, we count the number of ponchos and huts each student produced in the 5 minutes and write the results on the board. The class discusses the other students' observations.

I then say, let's try specialization. I form two groups with the same students. One group makes ponchos and one group makes huts. They again have 5 minutes. In the activity, it is very important to use the same amount of resources. Other class members are observing and writing comments about their observations. For example: How could they be faster? What did one group do that improved their efficiency over another group? What were some of the problems?

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At the end of the second round, we count the number of ponchos and huts each group produced in the 5 minutes and write the results on the board. The class discusses the other students' observations. Don't panic if the numbers are not larger. If they are not, discuss why they possibly are not. Did the workers work to their potential? What incentive could have been offered to motivate the workers to produce more? Did any of the equipment break? This leads to a great discussion of economic interdependence.

Honors Level only

I have the class construct production possibility curves using the data from both activities.

I then introduce the students to the two terms "absolute advantage" and "comparative advantage." I have them write the definitions down and relate the terms to the previous activity. I tell the students we will now watch an economics video which illustrates these two concepts. While they watch the video, they take notes, based on these statements:

There are 3 islands: Mocha, Caraways, and Oregano. For each island, write down what items they specialized in, what items they traded for, and the reasons why.

After the video, we discuss their notes and relate them to comparative and absolute advantage. I then relate this back to the activity in which the students wrote down items and where they were made. I like to let the students discover for themselves the reasons for trade. In the Honors classes, we also discuss how this relates to their production possibility curves and what the three islands production possibility curves would look like.

The Honors classes also prepare a global presentation about the country of their choice. I have attached those guidelines also. I encourage the students to select a country they may have visited or know someone that has lived there. Primary resources are always good.

Advanced Placement Level

Resources needed:

[Advanced Placement Economics Macroeconomics Worksheets](#), National Council on Economic Education

Worksheets: Activity 49 and Activity 50

I introduce comparative advantage and absolute advantage by using micro examples first. I use Steve Reff's [example](#). Reff does an excellent job and specializes in creating these slides for teachers. I segue into the macro concepts of comparative advantage and absolute advantage by using current examples of items on their list.

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The class completes the worksheets from the Council on Economic Education Advanced Placement Worksheets (better known as Morton's book) referred to in the resource section of this lesson to fully understand this concept. I have found the output/input methods described on the worksheets are the best at helping students to work the comparative advantage problems. Former students who have attended the University of Florida, University of Virginia, Princeton, Harvard, etc. have used this method to tutor other students with great success.

Activity 3: Exchange Rates

Time required: one 55-minute class period

Materials needed:

- Internet, dry erase board, list of items from Activity 1
- Access to website www.oanda.com
- Advanced Placement Economics Macroeconomics Worksheets, National Council on Economic Education
- Worksheets: Activity and Activity 50

General, Honors, and Advanced Placement levels

Using the list of items you or your group (depending on which level class) compiled for Activity 1, find prices for each item on the Internet.

Each student needs to write name of items and prices on their own paper.

You have 10 minutes to find the prices.

The students or groups will choose a country. The Honors students will use the country they plan to research their Global project about.

The teacher will circulate around the room to be sure the students are finding prices.

Instruct students to go to the Oanda website. Using the current date, three months ago, six months ago, nine months ago, and one year ago, calculate how much these items would cost in the currency of that country. Make columns for the dates and write the price of the items in the foreign currency underneath.

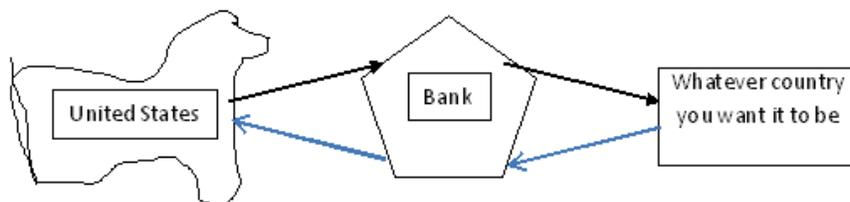
Have a teacher lead a discussion about how the price of the good changed on the different dates.

Teacher asks, "What causes this?" (Supply and demand)

When discussing how supply and demand affect exchange rates I draw the following diagram on the board. I tell the students to think of it as though all exchanges take place in this big bank in the middle of the ocean. (I usually make some comment about that is not a pork chop or horse or something 😊.)

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Using the diagram, I tell the students the following:

When United States companies or people want to buy goods and services from the other country, they need that country's currency. The companies and people of the United States take their American dollars to the bank in the middle of the ocean and leave them. In return, they get the currency of that country. (I use a specific country.) They use the foreign currency to get the goods and services they want from that country.

Let's go back and look at the bank in the middle of the ocean.

- What happens to the supply of American dollars in that bank? (Increased)
- What happens to the value of the American dollar in relation to this currency? (Decreased)
- What happens to the demand for this country's currency? (Increased)
- What happens to the "price" of this country's currency in relation to the American dollar? (Increased)

Then I reverse the process. I begin with the companies/people in the other country who want to buy American goods or services and continue through as before.

Following day activity for each class level:

General Level

Have each group present what happened to the price of the items in the currency of the other country and explain why. They need to use a visual with the presentation, and all students in the group must participate with speaking parts.

Honors and Advanced Placement Level

I show a PowerPoint slide with the following items on it and ask the students: If the United States is buying a lot of foreign goods, what would happen to the price of these items? I have them write their answers on a piece of paper and label the list "United States." Now I ask them to write the foreign country name and do the same if they want to buy a lot of American goods and services.

- Foreign hotel room prices
- Raw materials from foreign country
- Price of Disney tickets
- Imports

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- Exports
- Savings in United States banks (explain that foreign citizens need American dollars to save in our banks)
- Savings in foreign banks
- Foreign citizens traveling to the United States
- United States foreign aide
- Trade deficit

Honors Level only

The students will use information from both of these activities in their global project presentation.

Advanced Placement Level only

In the AP classes, I draw the exchange rate graphs on the board and explain them.

I use the worksheets from the National Council to reinforce concepts with students in the AP classes.