THE STOCK MARKET GAME™

Across the Globe

Suggested Grade & Mastery Level

High School - all levels

Suggested Time

Duration of The Stock Market Game

Project Background

This project introduces students to the concept of globalization through a series of activities on issues related to outsourcing of labor, currency exchange, and free trade organizations like the North Atlantic Free Trade Association (NAFTA) and the World Trade Organization (WTO). Students will be given opportunities to connect these issues to their decision-making process in The Stock Market Game. The final authentic assessment will have students demonstrating their understanding of the globalized markets by creating a business news broadcast based on their portfolio performance and current events.

Teacher Background

With the advent of the Internet and mobile telecommunications technology, like the cell phone and fax machine, investment funds and businesses have now moved beyond regional and national markets to invest in new international markets around the globe, thereby increasing the interconnectedness of world markets. This process of integration is known as ***globalization***. Aiding in this process are numerous free trade organizations like the World Trade Organization and North Atlantic Free Trade Association, which have opened up markets by removing or lowering tariffs (taxes on imports) among groups of nations. The interdependence of the markets has both increased the opportunities for American businesses and workers, but also created the challenge of greater competition. Consequently many American companies are now outsourcing their work to areas with cheaper labor. There is growing debate in the United States as to whether or not globalization and the resulting outsourcing will help or hurt American businesses and workers in the long run. The integration of markets has made an understanding of currency exchange more relevant to American business.

Vocabulary

Currency Exchange: market where currency from one country is traded for currency from another country. An example would be a bank where dollars are exchanged for Euros.
Globalization: Name for the process of increasing the connectivity and interdependence of the world's markets and businesses.
Outsourcing: Work done for a company by people other than the company's full-time employees, especially overseas workers..
North Atlantic Free Trade Association (NAFTA): A 1994 agreement reached by the United States, Canada, and Mexico that instituted a schedule for the phasing out of tariffs and eliminated a variety of fees and other hindrances to encourage free trade among Canada, Mexico, and the United States.
Tariff: tax on goods imported into a country

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World Trade Organization (WTO): WTO. An international agency which encourages trade between member nations, administers global trade agreements and resolves disputes when they arise

Performance Objectives

Students will be able to:

- Demonstrate an understanding of globalization.
- Select and use appropriate statistical methods to analyze data to support an opinion.
- Compute currency exchanges.
- Develop and communicate an informed opinion on the topic of outsourcing after recognizing the perspectives of both American workers and businesses.
- Specify how globalization trends affect stock market investment decisions.

Subject Areas

Economics, Technology, Math, English/Language Arts/Business

Materials

- Printouts of suggested articles
- Internet Access for SMG portfolio and research
- Optional: Internet access with streaming video and projection capabilities

Springboard Activity

ASK

- Whom do you call when your computer crashes just as you are finishing the last page of your English essay or when your newly downloaded ring tone is a dud?
- Who is answering the phone?

If streaming video is available, you can show them a clip from PBS "*Wide Angle*" or "*News Hour*" programs on Indian Call Centers:

"1-800 India" - **http://foreignexchange.tv/?q=node/618**

Further information about the topic, along with graphics and maps, are available at

- **http://www.pbs.org/wnet/wideangle/shows/india2/**
- "*Interview with Thomas Friedman*" - **http://www.pbs.org/newshour/bb/asia/jan-june04/friedman_03-09.html**

For a short article on the topic of call centers, go to this *CBS "60 Minutes"* overview of their program titled "*Out of India*" available at:

http://www.cbsnews.com/stories/2003/12/23/60minutes/main590004.shtml

ASK

- What does this tell us about how business has changed over the last 10 years?

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Explain that companies have moved their technology help centers overseas. Describe how trade in general has become more international over the last 10 years, aided by new technology such as the cell phone and personal computers, as well as the advent of the Internet.

ASK

- Why do you think this communications technology was so instrumental in establishing a more global economy?
- Define the terms *globalization* and *outsourcing*.

For an additional quiz to serve as an introduction to this topic go to:
http://youthink.worldbank.org/issues/globalization/quiz.php

Activities: Outsourcing

Activity 1

Explain to the students that they are going to look at some charts from a 2003 *Business Week* article on how a new round of globalization is sending white collar jobs overseas. Distribute copies of graphics from the cover story," *New Global Job Shift*", from the February 3, 2003 *Business Week*. They are available at

http://www.businessweek.com/magazine/content/03_05/b3818005.htm
http://www.businessweek.com/magazine/content/03_05/b3818008.htm

An alternative chart is available from 3/10/2004 *Seattle Post Intelligencer* article, "*Outsourcing's Long-term Effects on U.S. Jobs at Issue* ", which is available at:

http://seattlepi.nwsource.com/business/164018_outsource10.asp

In their SMG teams, have students read the charts and answer these questions as a team:

- Which jobs are being outsourced? How does this relate to the title of the article?
- Who is filling these jobs? What is their education level?
- Where are these new jobs located?
- Which types of American companies are outsourcing these jobs? Why are these jobs going overseas? Why not keep them in the United States?
- Is globalization good for the Untied States? Why or why not?
- Will outsourcing affect you? Why or why not?

Activity 2

In their SMG teams, have students read "New Global Job Shift" from the 2003 *Business Week* on how a new round of globalization is sending white collar jobs overseas. This article has additional features under Related Items, which they can also consider. The article is available at

http://www.businessweek.com/magazine/content/03_05/b3818001.htm

Alternative related article from the 8/5/2003 issue of *Money Magazine*, "USA's New Money-saving Export: White-collar Jobs " is available at

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http://www.usatoday.com/money/workplace/2003-08-05-outsourcing_x.htm

Have each team assume the role of American workers in one of the companies, which has outsourced workers to other countries. They should write a letter to the president of that American company explaining their point of view on the outsourcing of American jobs overseas.

Next, have teams exchange letters. Now, instruct them to play the role of the company president, while they read the letters. After they have finished reading , have them answer the letter they read from the point of view of the business, which has employed workers overseas. In this letter the team members should take care to respond to the points made in the letter and give further reasons to defend their movement of jobs overseas.

Afterwards, bring the class back together and debrief.

ASK

- What have you learned about outsourcing? How have your points of view changed? If not, why not?
- Would your group be more willing to invest in one of the countries mentioned in the article? Why or why not?

Students should add the discussion and their observations to their Stock Market Game journals.

Activity 3

Have students research and analyze information on the topic of outsourcing. Suggested student resources to develop arguments are listed below:

- "Outsourcing Jobs: Is It Bad?...Yes…No…"
  http://www.businessweek.com/magazine/content/03_34/b3846027.htm
- "Outsourcing Jobs: Bad or Good?"
  http://seattlepi.nwsource.com/business/205207_outsourcedebate27.html
- " Ten Myths About Job and Outsourcing"
  http://www.heritage.org/Research/TradeandForeignAid/wm467.cfm
- "Second Wave of Outsourcing"
  http://www.berkeley.edu/news/media/releases/2003/10/29_outsource.shtml
- "Outsourcing Statistics in Perspective"
  http://www.americanprogress.org/site/pp.asp?c=biJRJ8OVF&b=38081
- "Trade: Outsourcing Jobs"
- **http://www.cfr.org/publication.html?id=7749**
- "Economists Square Off"
- **http://www.careerjournal.com/hrcenter/articles/20040520-aeppel.html**
- "Moving Jobs Overseas"
- **http://www.pbs.org/newshour/bb/economy/jan-june04/jobs_3-11.html**
- "BLS Extended Mass Layoffs and Associated with Domestic and Overseas Relocations Report 2004"
- **http://www.bls.gov/news.release/reloc.nr0.htm**

The class will be divided into two groups, affirmative and negative, to debate the issue of outsourcing and its impact. Groups of students will be assigned to prepare for each step of the debate.

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The debate will consider the question:

Is outsourcing American jobs really good for America?

The debate format for all students will be the same, but the times can be adjusted. Students should use the included rubric to help them prepare for the debate and then evaluate their performance at the end.

1. **Opening speech by Affirmative**: "Outsourcing jobs is good for America"4-5 minute speech (might include ideas like makes America more competitive, keeps prices low, provides new markets for U.S. products)
2. **Three questions from the Negative** to poke holes in their arguments (might include question like "Don't lower prices also mean lower salaries?)
3. **Opening speech by Negative**: "Outsourcing is not good for America" 4-5 minute speech (might include ideas like fewer high paying jobs left in America, creates more unemployment overall, need workers in United States to fund Social Security)
4. **Three questions from the Affirmative** to poke holes in their arguments (might include questions like "Doesn't competition actually lead to better efficiencies and new innovations?"
5. **Negative Rebuttal**- summarizes most important arguments made to support their position of why outsourcing American jobs is bad for America in 3-5 minutes.
6. **Affirmative Rebuttal**-summarizes most important arguments made to support their position of why outsourcing American jobs is good for America in 3-5 minutes.

At the end of the debate, referring to the rubric, the teacher or a small group of students can evaluate the debate and actually determine a "winner", or the teacher can ask the student to choose a winner and explain their reasons. This could possible be done as an "Exit Slip" as students leave the class. An "Exit Slip" is a short piece written at the end of the class on a slip of paper in which the student summarizes, evaluates, or questions something about the day's lesson. It is turned into the teacher as the student leaves the classroom.

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Debate Rubric

	Superior Job	Meets Expectations	Needs Work
Level of Research Evident in Speeches and Questions	Draws on 3-4 sources, both text and Internet. Evidence of comprehensive notes which are synthesized into coherent arguments or questions.	Draws on 2-3 sources, both text and Internet. Evidence of adequate notes which are related to your position or questions.	Draws from only one source. Evidence of only *sketchy* notes.
Quality and Quantity of Relevant Arguments Throughout Debate	Demonstrates a wide range of knowledge and clear understanding of the subject matter. Speeches present at least 5 or more points, each with at least one piece of supporting evidence. Questions are clever and relevant.	Demonstrates a solid knowledge and understanding of the subject matter. Speeches present at least 3-4 or more points, each with at least one piece of supporting evidence. Questions are appropriate.	Demonstrates a limited knowledge or some misunderstanding of the subject matter. Speeches present at least 1-2 or more points, each with little or no supporting evidence. Questions are inappropriate.
Effectiveness of Speaking Skills	States ideas, questions and opinions clearly but respectfully. Special emphasis given to key points. Excellent speed and enunciation of words.	Mostly states ideas, questions, and opinions clearly but respectfully. Some unevenness in speed or enunciation but overall ideas are heard.	Is not always respectful to opponents. Information is hard to understand due to speed or poor enunciation of words.
Overall Impact of Debate	Audience is moved! Would vote for your side!!	Purposeful effort! You met all the requirements for the assignment.	Audience is now confused or upset! Need to go back and fix some things…

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Activities: Currency Exchange

Activity 1

Ask:

- What do the dollar, the Euro, the peso, and the yuan have in common?
- Do all of these currencies have the same value?
- How do you figure out how much something is worth if the price is in another currency?

Have students look at the "Big Mac Index" from *The Economist* located at: http://www.economist.com/markets/Bigmac/Index.cfm

Have students complete the Activity Sheet 1 to demonstrate their ability to read a currency exchange chart.

Once students have demonstrated an understanding of currency exchange, have them complete **Activity Sheet 2** where they demonstrate their ability to compute currency exchange, using a currency converter.

Activity 2

Have students use the Yahoo Currency Converter to calculate the value of their current portfolio into three different currencies. Convert the values back into US dollars a week later. The Yahoo Currency Converter is located at: **http://finance.yahoo.com/currency?**

ASK

- What did you notice about the value of the currencies? Which ones gained value? Which ones lost value?
- How would current events affect the value of different currencies?

Research one currency and why it has changed value over the last 3 months. Start with the *"Determining of Foreign Exchange Rates"* at the NY Fed located at:

http://www.ny.frb.org/education/fx/foreigh.html

Activities: Free Trade Organizations

Activity 1

Have students research the history of the formation of NAFTA and/or the WTO.

ASK

- What events lead to the formation of these free trade organizations?
- When and where were they formed? Which nations were involved in each?
- Who has supported the formation of these organizations? What are their reasons?
- Who has fought against the formation of these organizations? What are their reasons?
- How have attitudes towards these free trade organizations changed over time?

Have students identify an industry sector, dominant in their SMG portfolio. Use the research to create a presentation to the class about the impact of free trade on that industry sector's performance since the passage of NAFTA and WTO.

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Possible sources for students to use include:

- "WTO and Free Trade"
  http://www.pbs.org/newshour/bb/international/wto/
- "Commanding Heights" (deals with NAFTA and includes streaming video version)
  http://www.pbs.org/wgbh/commandingheights/
- "Economics: Effects of Globalization" from Wide Angle
  http://www.newshour.org/wnet/wideangle/classroom/lp2.html
- "Globalization 101" from Carnegie Endowment for the Humanities
  http://www.globalization101.org/
- "Globalization" article index from N.C.P.A
  http://www.ncpa.org/pd/trade/trade3.html

Activity 2

Have students read "*WTO Case Studies*" which is available at:
http://www.rethinkingschools.org/publication/rg/RGWto.shtml

or "The United States and Europe Go Bananas Over Trade" at
http://www.american.edu/TED/banana2.htm

Each SMG team should select a case study from an industry sector in their SMG portfolio and present an analysis. They should also make a prediction about the impact of WTO decisions on this industry sector.

Authentic Assessment:

Students will work together in their SMG teams to write out a script and/or film a business news broadcast, which discusses at least one of the following topics:

- The Future of Outsourcing and How it will affect U.S. Businesses
- The Impact of World Events on Currency Exchange and Financial Investing
- The Future of Companies in your SMG Portfolio and how they will do in the Global Marketplace
- Compare the Impact of NAFTA/free trade on the Auto manufacturing Sector compared with the Biotechnology Sector

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News Broadcast Rubric

	Superior Job	Meets Expectations	Needs Work
Level of Research Evident in Script ans/or Broadcast	Draws on 3-4 sources, both text and Internet. Evidence of comprehensive notes which are synthesized succinct summaries of information	Draws on 2-3 sources, both text and Internet. Evidence of adequate notes which are related to your topic	Draws from only one source. Evidence of only *sketchy* notes.
Quality and Quantity of Relevant Information Throughout Program	Demonstrates a wide range of knowledge and clear understanding of the subject matter. Present at least 5 or more points, each with at least one piece of supporting evidence. Several appropriate graphs and charts are used.	Demonstrates a solid knowledge and understanding of the subject matter. Present at least 3-4 or more points, each with at least one piece of supporting evidence. Some appropriate graphs or charts are used.	Demonstrates a limited knowledge or some misunderstanding of the subject matter. Present at least 1-2 or more points, each with little or no supporting evidence. No graphs or charts are used.
Effectiveness of Speaking Skills In Broadcast	States ideas, questions and opinions clearly but respectfully. Special emphasis given to key points. Excellent speed and enunciation of words.	Mostly states ideas, questions, and opinions clearly but respectfully. Some unevenness in speed or enunciation but overall ideas are heard.	Is not always respectful to opponents. Information is hard to understand due to speed or poor enunciation of words.
Overall Impact of Script and/or Broadcast	Audience is moved! Is very informative and thought provoking!	Purposeful effort! You met all the requirements for the assignment.	Audience is now confused. Need to go back and fix some things…

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Activity Sheet 1: Buying Mac Around the World

Use *"McCurrencies"* from the *Economist at:*
http://www.economist.com/markets/bigmac/displayStory.cfm?story_id=6972477

Name:

Country	Big Mac Price in Dollars	Big Mac Price in Local Currency
United States		XXXXXXXXX
Mexico		
China		
Britain		
Pakistan		

1. In which country is the Big Mac the least expensive?

2. In which country is the Big Mac the most expensive?

3. Which currency seems to buy the most/is the strongest?

4. Which currency seems to buy the least/is the weakest?

5. Give an example of a job or occupation where someone would use this chart.

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Activity Sheet 2: Shopping Around the World

Name:

Use the currency converter available from *Yahoo Finance* at:
http://finance.yahoo.com/currency?u

Item for Purchase	**Price in U.S. Dollars**	**Country of Purchase**	**Cost in Local Currency**
Cashmere sweater	$200.00	Argentina	
World Cup Soccer Tickets		Italy	100 Euros
Dell Laptop Computer	$750.00	India	
Pound of Kobe Beef	$108.00	Japan	
Bushel of Coffee Beans		Honduras	2800 Lempiras
1 oz. of Channel Perfume	$82.50	France	
1 barrel of crude oil		Saudi Arabia	292 Riyals

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