

LESSON 15: THE GLOBAL ECONOMY

Focus Question: *What are the advantages and disadvantages of the global economy?*

Objectives

Students will be able to:

- Explain the theory of comparative advantage.
- Identify the advantages and disadvantages of outsourcing.
- Understand the implications of a globally integrated economy.
- Examine the outlook for American workers in a global economy.

Standards

NES: 5, 6

ELA: 1, 2, 3

Time Frame/Notes to Teacher

- One day, double period
- Worksheets based on readings from *The World Is Flat* assigned for homework.

Materials

Textbook Chapter on The Global Economy

- To be assigned for homework: *The World is Flat* by Thomas L. Friedman;
Chapters:
“America and Free Trade”
“The Great Sorting Out,” Sections: Section 1 (Untitled) and “Where Do Companies Stop and Start?”
“The Dell Theory of Conflict Prevention, Old-Time Versus Just-in-Time”

Teaching Strategies

I. America and Free Trade

Review Worksheet 15A, which was completed for homework, by discussing the following:

- What is Ricardo’s free-trade theory of comparative advantage?
- What is the main argument against outsourcing?
- What is the argument for free trade/outsourcing?
- What is the difference between idea-based goods and physical goods?
- Are you in favor of or opposed to outsourcing?

II. Sources of Friction

In a whole-class discussion, explore the “sources of friction” the students identified on Worksheet 15B that Americans might seek to preserve in a flat world. Include in the discussion:

- National boundaries
- Legal protections, such as minimum wages and copyrights
- Cultural identities (values, traditions)

III. The Great Sorting Out

- Compare the results of the students’ research on Worksheet 15C. Discuss as a whole group:
 - What responsibility do companies have for ensuring the health and safety of their workers and the environment?
 - How do you feel now about buying goods made in America versus buying products made elsewhere? Has this lesson changed your outlook on this topic at all? Why or why not?
 - Are American students being adequately prepared to compete in a global economy?
- What educational initiatives should the United States take to ensure that its future workers will be successful in a flat world?

Summary/Assessment

Friedman feels that economic relations in a flat world will be a powerful deterrent to war. In a well written essay of 200 words, explain why you agree or disagree with this premise.

Homework

- Read materials in preparation for Lesson 16.
- Assign questions for homework.

Worksheet 15A

***The World Is Flat* by Thomas L. Friedman
“American and Free Trade, Is Ricardo Still Right?”**

Summarize David Ricardo’s free-trade theory of comparative advantage.

What is the main argument against outsourcing?

What is the counter-argument for free trade/outsourcing?

Paul Romer says, “There is a difference between idea-based goods and physical goods.” Explain.

Are you in favor of or opposed to outsourcing? Why or why not?

Worksheet 15C

***The World Is Flat* by Thomas L. Friedman**
Chapters: "The Great Sorting Out, Where Do Companies Stop and Start"
and "The Dell Theory of Conflict Prevention, Old-Time Versus Just-in-Time"

Exercise: Identify five items in your room and determine the manufacturer and country of origin.

ITEM	BRAND/MANUFACTURER	COUNTRY OF ORIGIN
1.		
2.		
3.		
4.		
5.		

Pick any two of the above companies and determine the following:

COMPANY:	
Headquarters	
Countries/regions in which they do business	
Other products/services they offer	
Companies they own	
Number of employees	
Corporate responsibility	
Mission Statement	

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