



CALCULATING THE EXCHANGE RATES BETWEEN THE UNITED STATES AND MEXICO

Level: middle school, 7th/8th
Course: social studies, math, spanish

Rationale

Economics can be taught in a variety of ways. Since computer skills have become such a necessity in our rapidly changing world, this lesson also introduces students to the Internet and the World Wide Web. They will develop sophisticated search and retrieval strategies which are applicable to almost every curriculum area.

Lesson Overview

This activity is the first of many to be developed around the WWW site <http://gnn.com/cgi-bin/gnn/currency> on Mexico. This lesson seeks to provide students the opportunity to become well acquainted with one particular web site before branching out to other web sites dealing with Mexico. It is intended to be implemented after students have already been introduced to Mexico through books, music, videos, games, and interactive lectures thus providing them with yet another mode with which to do research. The lesson could then be developed into a unit which could assist one in finding specific resources in over 20 broad curricular areas concerning Mexico.

Objective

Students will demonstrate their ability look up the daily exchange rates on the internet as well as their ability to mathematically calculate the exchange rates between the two countries by going on mock vacations to both destinations.

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These skills should be practiced daily for at least a week to two weeks in order to truly grasp the skill of exchanging money. Once that has been attained, the students should be introduced to the devaluation and revaluation of money and how it affects people's daily lives. They should then go on several other mock vacations to Mexico and the U.S. ending in a culminating activity based on how their spending was affected by the devaluation of the peso.

Time Needed

One to two weeks

Materials

computer with access to the internet, real Mexican money if at all possible, tag board, books, pens, pencils, posters, videos, cassetts, and artifacts from the U.S. and Mexico

Procedures

Ask the students what they already know about exchange rates as well as the concepts of devaluation and revaluation of money. Give them an explanation and then show them how new pesos have been introduced to replace the old ones at a rate of 1 to 1000. Explain how the new coins can be confusing yet the older coins haven't changed. Next, have the students look up today's exchange rate by entering in the URL: <http://gnn.com/cgi-bin/gnn/currency> and scrolling down to Mexico.

Now, explain to the students that they are going to go on several mock vacations in order to practice their skills. Have them break up into two groups of tourists and divide the classroom down the middle with one half being Mexico and the other half the U.S.. Then have them decide which cities they want to represent and have them decorate the room accordingly. Assign one of the groups to be Mexicans and the other group to be U.S. citizens. Then, assign members of each group the following jobs: taxi driver, hotel operator, waiter/waitress, newspaper vendor, tour guide, clothes store operator, doctor, pharmacist, movie theater ticket vendor, plus several musicians and artists.

For homework for the next day or so, have the students research their professions and find how much they might expect to earn working in their respective countries. Then have them make up realistic price sheets for the items they sell or services they provide. Finally, have the students pretend that they are first-year teachers earning approx. \$1,200 a month.

Then have them report to their side of the room and role play a mock vacation of the U.S. citizens traveling to Mexico for a week calculating how much they are spending for their round trip airfare, taxis, hotel, meals, entertainment, souvenirs, and medical expenses. Once acquainted with the procedure, students should spend approx. 20-30 min. gathering information leaving approx. 15 min. for discussion.

Students might be shocked at first to find that their round trip airfare costs around 5,790 pesos! Can they afford to go? How much are they really paying at an exchange rate of 6.5 pesos to a dollar? (6.5 pesos = \$1 5,790 pesos — $6.5 = \$560.00$)

They will soon learn that for people traveling with dollars the exchange rate is very favorable and that while in Mexico most things will be quite inexpensive for them.

Have them practice this for several days. You might want to change the format slightly by changing the airfare daily, having them go to a play instead of a movie, or going to an open air market etc..

Now have them pretend they are first year teachers in Mexico earning approx. 1,100 pesos a month and role play a mock vacation to the U.S..

Discussion

Make a chart comparing the salaries in the U.S. to those in Mexico along with the costs of living.

Discuss the following questions:

1. How often do you think the teachers might be able to travel to each other's countries? How far will their money go?
2. Why do you think so many Mexicans come to the U.S. to work?
3. What do you think the majority of them do with their money?
4. Why do you think Mexico is such a popular place for U.S. tourists?

Have the students write a journal entry about what they learned.

Possible follow up activities

You might explain the concepts of devaluation and revaluation and then have the students take additional mock vacations or merely adjust their last figures in order to make a comparison and discuss their results. One could have students discuss how a devaluation of currency affects the daily lives of real people like themselves. Students could post their comparisons and then write an essay on what they might have to change in their own daily lives if faced with a severe devaluation here in the U.S. Students might design new dollar bills and coins. Students might write pen pals in Mexico asking them to send them examples of Mexican money as well as new bills and coins in exchange for U.S. bills in order to make a poster of them for their classroom. Students might make graphs or charts showing how many times the peso has been devaluated in the last 10 years compared with the U.S. dollar.

Bibliography

Germin, Daniel M., Peso Exchange Rate URL: <http://gnn.com/cgi-bin/gnn/currency>

Follow to Travel Resource, to Region, County, State, and City Guides, to Currency, to Go using the web to The Money Abroad FAQ.