###### Economics – The Euro and the ECB Lesson Plan

Date: October 2011

Unit: International Economic Systems (Economics)

Grade Level: 12

Lesson 1

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| **Goals/Aims/Objectives** | **Standards** |
| * Students will be able to understand why a country is better off having a central European currency. * Students will be able to understand what a country needs to do before adapting the Euro. * Students will be able to explain how a country replaces an old currency with a new one. * Students will understand why, how, and when a country can use the Euro | **Standard 1: Scarcity and Economic Reasoning**  *E.1.5 Explain that voluntary exchange occurs when all participating parties expect to gain.*  **Standard 2: Supply and Demand**  *E.2.4 Describe how prices send signals to buyers and sellers.*  **Standard 4: The Role of Government**  E.4.10 Use an economic decision-making model to analyze a public policy issue.  *(Government)*  **Standard 6: Money and the Role of Financial Institutions**  E.6.1 Explain the basic functions of money.  *E.6.2 Identify the composition of the money supply of the United States.*  *E.6.3 Explain the role of banks and other financial institutions in the economy of the United States.*  *E.6.5 Describe the organization and functions of the Federal Reserve System.*  *(Government)*  *E.6.7 Demonstrate how banks create money through the principle of fractional reserve banking.*  **Standard 8: Trade**  E.8.1 Explain the benefits of trade among individuals, regions and countries.  *(Geography; Individuals, Society and Culture)*  *E.8.8 Explain how changes in exchange rates impact the purchasing power of people in the United States and other countries. (Individuals, Society and Culture)* |

Body of Lesson:

Opening

Use the “Euro and the ECB” PowerPoint presentation attached to this lesson plan to help guide you and the students through the following exercise. Explain how many tourists travel through Europe using the Euro. This was not the case not too long ago. Discuss as a class the pros and cons if every state in the US had its own currency. Write the pros and cons on the board.

Activities

Students will now each have a copy of the given article pages 10-17. Give the students time to read these pages (about 15 min +/-). Once finished, have the students get in groups and answer the **One Currency for One Europe** handout (see below) as a group. They will be able to use the article to answer these questions. Monitor the groups as they discuss the handout.

Closing

As a class, review the sheet discussing the answers. (After question #3, ask the class if any country can adopt the Euro. Explain what a country must do in order to apply for adoption). For the final questions, be sure to take answers from multiple groups. These answers will vary from group to group. Collecting the handout as points is optional.

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| How will the learning be assessed? |
| Student Evaluation: The students will be evaluated in two ways:   1. First, the class discussion will show what the students have learned. This will be a great gauge to see if the students grasp the concept of the Euro. 2. Second, the students will have an essay on their next test. Students should be able list 2-3 reasons why countries adapt the Euro.  Self-Evaluation: The key to this lesson is the class discussion. The students should participate in both the pre and post-reading. It is important not to let one or two students dominate the discussion. I will be able to see how interested they are during class. I will be able to see what they retained when I see the answers to the essay on the test. |

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| Resources/Materials |
| *One Currency for One Europe* Article (pages 3, 10-13, 16, 17)  Available at <http://ec.europa.eu/economy_finance/publications/publication6730_en.pdf>  “The Euro and the ECB” Powerpoint  Available at <http://www.indiana.edu/~eucenter/curricular_resources.shtml>  Marker board or Large Sheets of Paper |

**Names:**

**One Currency for One Europe**

1. **What is an EMU? Explain.**
2. **What is the ECB and what is its main goal?**
3. **Since 2002, other countries have adopted the Euro. Explain the two scenarios for adoption.**
4. **Explain two reasons why the Euro is good for the consumer.**
5. **Explain two reasons why the Euro is good for a nation.**