Lesson 6
The European Union’s Economic and Monetary Union

Lesson Focus Question
*How do individuals, businesses, and economies benefit from using the Euro?*

Introduction
In this lesson students will examine the benefits of converting from various national currencies to one common currency, the euro, in the European Union. Working in groups, students will name and design a currency for a unified Europe in an effort to determine possible difficulties associated with converting to one common currency while examining the benefits gained from this conversion.

What’s the Big Idea?
- The euro was launched on January 1, 1999 when it was used as an accounting currency in 11 European countries.
- Euro cash was introduced on January 1, 2002, replacing national banknotes and coins in 12 European countries.
- Today 17 of the 27 Member States of the European Union use euro banknotes and coins. Citizens and businesses in these 17 countries benefit in a number of ways from using these banknotes and coins.
- The euro is a sound and stable currency, especially in times of economic distress.

NCSS Themes Addressed
II – Time, Continuity, and Change
V – Individuals, Groups and Institutions
VI – Power, Authority, and Governance
VII – Production, Distribution, and Consumption
IX – Global Connections

Knowledge
*The student will know*
- how individuals, businesses and economies benefit by using the Euro.

Core Skills
*The student will be able to*
- read for information.
- interpret maps.
- draw conclusions and make generalizations.
- compare similarities and differences.

Materials Needed
- Visual 1, Colonial USA Map
- Visual 2, Colonial USA Currency Proposal
- Visual 3, Map of the European Union
Visual 4, Fixed Euro Conversion Rates
Visual 5, The Euro Symbol
Visual 6, EU Countries Not Using the Euro
Worksheet 1, The New Colonial USA Currency
Worksheet 2, The New European Currency
Worksheet 3, Euro Search Mission
Computers with Internet connectivity
PowerPoint for Lesson 6

Time Needed to Complete this Lesson
Two 55 minute class periods

Procedures

Activity 1 – A Single Currency for North America

1. Display a copy of Visual 1 - Colonial USA Map. Ask students to identify the thirteen original colonies. *(Virginia, Massachusetts, New Hampshire, Maryland, Connecticut, Rhode Island, Delaware, North Carolina, South Carolina, New Jersey, New York, Pennsylvania, Georgia)*

2. Ask the students what currencies were used in each of the thirteen colonies. *(At one point or another each colony had their own form of colonial currency. Forms of currency included wampum, commodity money, foreign coins, domestic coins, bills of credit and continental currency.)*

3. List possible problems the thirteen colonies may have encountered while trading with one another as a result of each having different currencies. *(Lack of understanding of the various currency values from colony to colony, financial costs associated with exchanging money to complete transactions; the depreciation of one currency against another made the costs of goods and services purchased from the colony with the stronger currency more expensive.)*

4. List possible problems the citizens of the thirteen colonies may have encountered as a result of each colony having a different currency. *(Exchange rates can be confusing when traveling to other colonies; financial costs associated with exchanging money; purchasing power is impacted by the depreciation and appreciation of currencies.)*

5. Display Visual 2- A Colonial USA Currency Proposal. Select one student to read the proposal aloud. Ask students if they support or oppose this proposal. Make a list of reasons why it would be a good idea to support this proposal. *(Answers will vary but may include: easier to do business between countries; easier for consumers to shop in the other colonies; may increase sales of goods and services between colonies.)* Have
students compile a list of reasons why it would be a good idea to oppose this proposal. *(Answers will vary but may include: loss of colonial identity; loss of control over currency regulation; one colony may be much stronger economically than the others; economies of colonies are too different.)*

6. Next, divide the class into thirteen “delegations”, with each delegation representing one of the original thirteen colonies. Distribute a copy of *Worksheet 1- The New Colonial Currency* to each delegation. Review *Worksheet 1* directions with students.

7. Select one delegation representative from each group to report their conclusions. Ask students to discuss any difficulties they may have encountered when completing *Worksheet 1*. *(Answers will vary but may include: what to put on the currency; what to call the currency; how to select images and names that were representative of all the countries.)*

8. Tell students that it is time to come to a class consensus on the name, symbol and look of the new colonial currency. Give students a few minutes to make arguments for their delegation’s design ideas before agreeing on a new name, symbol, and design for the new currency.

**Activity 2 – The European Monetary Union (EMU)**

9. Display *Visual 3- Map of the European Union*. Locate the following countries on the map: Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland and Greece. Tell students that they will soon be working as delegates from these 12 countries. Inform students that these 12 countries were the first to begin using Euro cash on January 1, 2002. Euro cash replaced national banknotes and coins in these 12 countries. *(Later in the lesson students will learn that there are currently 17 countries using the euro.)*

10. Display *Visual 4-Fixed Euro Conversion Rate*. Explain to students that all 12 countries once had different currencies with different exchange rates.

11. Divide class into twelve “delegations.” Each delegation will represent one of the countries listed in procedure #9. (Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland and Greece) Distribute a copy of *Worksheet 2- The New European Currency* to each delegation. Review *Worksheet 2* directions with students.

12. Select one delegation representative from each group to report their decisions. Ask students to discuss any difficulties they may have encountered when completing *Worksheet 2*. *(Answers will vary but may include: what to put on the currency; what to call the currency; how to select images and*
names that were representative of all twelve countries.)

13. Tell students that it is time to come to a class consensus on the name, symbol and look of the new European currency. Give students a few minutes to make arguments for their delegation’s design ideas before agreeing on a new name, symbol, and design for the new European currency.

14. Ask students if coming to a consensus for the European currency was easier or harder than it was for the colonial currency and why. (Answers will vary but may include: harder because there were 12 separate and distinct countries to deal with instead of a group of colonies that shared many of the same characteristics; more differences in the number of languages spoken in Europe compared to North America.)

15. Display Visual 5 - The Euro Symbol. Explain to students the meaning and symbolism of the euro “€”. (The euro symbol “€” was inspired by the Greek letter epsilon. It also stands for the first letter of the word ‘Europe’ in the Latin alphabet, while the two parallel lines running through the symbol signify stability.)

16. Direct students to the website European Commission “Economic and Financial Affairs”

Working in groups of two, students answer all questions on Worksheet 3 - Euro Search Mission Part 1.

Direct students to the website European Central Bank

Working in groups of two, students answer all questions on Worksheet 3 - Euro Search Mission Part 2.

Direct students to the website European Central Bank

Working in groups of two, students answer all questions on Worksheet 3 - Euro Search Mission Part 3.

17. Summarize the findings in parts 1-3, placing a particular emphasis on question #4 in part 1. “What are some of the advantages of having a single currency? Why is it needed?” (Answer may include: makes travel easier; a single currency makes very good economic and political sense; stable currency with low inflation and low interest rates; using a single currency increases price transparency; eliminates currency exchange costs; oils the wheels of the European economy; facilitates international trade and gives the EU a more powerful voice in the world. The size and strength of the euro area also better protect it from external economic shocks, such as unexpected oil price rises or turbulence in the currency markets. Last but not least, the euro
gives the EU’s citizens a tangible symbol of their European identity, of which they can be increasingly proud as the euro area expands and multiplies these benefits for its existing and future members.

18. Display Visual 6 (page 12) - EU Countries Not Using the Euro
Explain to students that the countries in red have decided not to use the euro, while the countries in blue are currently using the euro.

19. Ask students why some EU member countries have decided to not use the euro and if these countries have valid points. (Answers may include: countries did not want to give up link to national identity, countries did not want to give up control of their own currency for monetary reasons.)

20. Explain to students that Estonia adopted the Euro on January 1, 2011.
Ask students to explain why it was more advantageous for Estonia to adopt the euro than it would have been not to adopt the euro. (Answers may include by adopting the euro Estonia will position itself to grow its economy, adopting the euro will also promote trade among other EU members.)
Assessment

1. When was the Euro launched?
   A. May 9, 1950
   B. March 25, 1957
   C. January 1, 1999 *
   D. January 1, 2002

2. Currently how many member nations of the European Union use the Euro as their currency?
   A. 6
   B. 10
   C. 17 *
   D. 27

3. How do the citizens of the countries that use the euro benefit from having a common currency?
   A. Traveling is easier.
   B. Facilitates international trade.
   C. Currency exchange costs are eliminated.
   D. All of the above. *
In order to make the trading of goods and services between the thirteen colonies more efficient and free, we propose the elimination of separate and unique currencies in each of the thirteen colonies. Each colonial currency will instead be replaced with a common national currency. This common currency will eliminate the cost of exchange rate transactions between each colony, it will make the buying and selling of goods and services produced in the thirteen colonies much easier for the average citizen and it will strengthen the economies of all thirteen colonies.

-Colonial Commission on Standardized Currencies
Fixed Euro Conversion Rates

1 BEF 40.3399 (Belgian francs)
1 DEM 1.95583 (Deutsche Mark)
1 IEP 0.787564 (Irish pound)
1 GRD 340.750 (Greek drachmas)
1 ESP 166.386 (Spanish pesetas)
1 FRF 6.55957 (French francs)
1 ITL 1936.27 (Italian lire)
1 LUF 40.3399 (Luxembourg francs)
1 NLG 2.20371 (Dutch guilders)
1 ATS 13.7603 (Austrian schillings)
1 PTE 200.482 (Portuguese escudos)
1 FIM 5.94573 (Finnish markkas)
EU Countries Not Using the Euro

Key:

EU countries using the euro: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain

EU countries not using the Euro: Bulgaria, Czech Republic, Denmark, Hungary, Latvia, Lithuania, Poland, Romania, Sweden, and the UK
Worksheet 1
The New Colonial Currency

Time: the mid 1700’s

Your task is to name a common currency for all thirteen colonies and design the look of this new currency.

Delegation Name: _______________________

Name of the new colonial currency: _________________________

Symbol of the new colonial currency:

Design of the new colonial paper currency:

Design of the new colonial coin:
The New European Currency

Time: 1998

Your task is to name the new European currency and design the look of this new currency.

Delegation Name: _______________________

Name of the new European currency: _______________________

Symbol of the new European currency:

Design of the new European paper currency:

Design of the new European coin:
Euro Search Mission

Part 1 - Website

1. Which European countries adopted the Euro prior to the issuance of Euro banknotes and coins in 2002?

2. How many EU countries are currently using the Euro?

3. What is the EMU and what is its significance?

4. What are some of the advantages of having a single currency? Why is it needed?
Click “Banknotes” tab

1. What is the largest Euro banknote?

2. What is the symbolism of the windows and gateways shown on the front of all EU banknotes?

3. What is the symbolism of the bridges shown on the back of every Euro banknote?

4. How are Euro banknotes and the U.S. dollar similar?

5. How are Euro banknotes and the U.S. dollar different?

6. What is your favorite Euro banknote? Why? (Answers will vary)
Euro Search Mission

Part 2 - Website
Click “Coins” tab

1. Why do you think each Euro coin has a “common” side and a “national” side?

2. How are the Euro coins similar to the U.S. state quarters?

3. What are some common themes of the national sides of the Euro coins?

4. What is your favorite Euro coin? Why?
Euro Search Mission

Part 1 - Website

1. Which countries adopted the Euro prior to the issuance of Euro banknotes and coins in 2002? (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Greece.)

2. How many EU countries are currently using the Euro? (17)

3. What is the EMU and what is its significance? (Economic and Monetary Union, It involves close co-ordination of economic and fiscal policies and, for those countries fulfilling certain conditions--the eurozone countries--a single monetary policy and a single currency, the euro)

4. What are some of the advantages of having a single currency? Why is it needed? (Apart from making travel easier, a single currency makes very good economic and political sense. The framework under which the euro is managed makes it a stable currency with low inflation and low interest rates, and encourages sound public finances. A single currency is also a logical complement to the single market which makes it more efficient. Using a single currency increases price transparency, eliminates currency exchange costs, oils the wheels of the European economy, facilitates international trade and gives the EU a more powerful voice in the world. The size and strength of the euro area also better protect it from external economic shocks, such as unexpected oil price rises or turbulence in the currency markets. Last but not least, the euro gives the EU’s citizens a tangible symbol of their European identity, of which they can be increasingly proud as the euro area expands and multiplies these benefits for its existing and future members.)
Euro Search Mission

Part 2 – Website

Click “Banknotes” tab

1. What is the largest Euro banknote? (500 Euro note)

2. What is the symbolism of the windows and gateways shown on the front of all EU banknotes? (They symbolize the European spirit of openness and cooperation.)

3. What is the symbolism of the bridges shown on the back of every Euro banknote? (The bridges on the back symbolize communication between the people of Europe and between Europe and the rest of the world.)

4. How are Euro banknotes and the U.S. dollar in your pocket similar? (Both are made of cotton, both have many security features including security strips, both have color changing ink, both have watermarks, both have holograms.)

5. How are Euro banknotes and the U.S. dollar in your pocket different? (The Euro is the official currency of 17 countries while the U.S. dollar is the official currency of only one country, the Euro banknotes come in many different colors while the U.S. dollar is limited to just a few colors, the Euro banknotes have raised print while the U.S. dollar does not, Euro notes are not all a uniform size while U.S. dollars are a uniform size.)

6. What is your favorite Euro banknote? Why? (Answers will vary)

Click “Coins” tab

1. Why do you think each Euro coin has a “common” side and a “national” side? (Common side is a display of unity while national side allows countries to show something unique to each country.)

2. How are the Euro coins similar to the U.S. state quarters? (Like each state in the U.S., each European country using the Euro has been allowed to show something unique to that country.)

3. What are some common themes of the national sides of the Euro coins? (former leaders, historic symbols, historic buildings, landscapes)

4. What is your favorite Euro coin? Why? (Answers will vary)